COL. FRANCIS HENRY FRIES

The LIFE STORY *of a* TRUST MAN

By Gilbert Thomas Stephenson

June 15, 1993

Just as the words of George Washington and Thomas Jefferson remain a source of insight and inspiration to today's Americans, so do the words of this book for today's generation of business women and men.

Published in 1930, the book has long since been out of print. Yet, because of its enduring message and relevance, Wachovia continues to receive requests for information about it and Colonel Francis H. Fries, the Wachovian it profiles.

His dual emphasis on innovation and fiscal responsibility, and his absolute insistence on the highest standards of personal and corporate integrity, have provided the framework for a century of growth and leadership for Wachovia.

In fact, his influence has reached far beyond. Earlier this year, the book was translated into Japanese and published in Tokyo by the Mitsubishi Trust and Banking Corporation, citing its value to that nation's trust profession.

As we commemorate the 100th anniversary of Wachovia Trust Services on June 15, 1993, we offer this condensed version of *The Life Story of a Trust Man* to those in the trust profession — and in any other endeavor dedicated to serving others — who seek a pattern for success.

The writing style is that of another era. So is the author's predominant use of the masculine pronoun. Yet, the character traits so eloquently described transcend the generations, providing a fresh reminder of those qualities that must be our goal as individuals, as corporations, as a nation, if we are to stand the test of time.

In this spirit, and with this hope, we at Wachovia Trust Services offer this gift along with our pledge to maintain and enrich this proud tradition of high ideals and practical purpose as we begin our second century.

David L. Cotterill
President
Wachovia Trust Services, Inc.

WACHOVIA TRUST SERVICES
Wachovia Bank of North Carolina • Wachovia Bank of Georgia • South Carolina National Bank

THE LIFE STORY OF A TRUST MAN

Being that of Francis Henry Fries, President of The Wachovia Bank and Trust Company, Winston-Salem, North Carolina, 1893 — 1931

by

GILBERT THOMAS STEPHENSON, A.M., LL. B.
AUTHOR OF
LIVING TRUSTS AND WILLS

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Preface

During the generation that is now beginning — that is, during the next thirty years — a vast number, perhaps an actual majority, of the people of the United States will have direct dealings of one sort or another with trust companies or with banks exercising trust powers. I mention this because of the way trust companies are growing. In 1891 — just thirty-nine years ago — there were only 63 trust companies in the United States; on June 30, 1928 — that is, before the recent tidal wave of consolidations and mergers — there were 2,796 trust companies and, in addition, about 1,300 national banks authorized to do trust business — a total of over 4,000 corporate fiduciaries in this country already.

The American people may as well realize that the time is not far distant when almost as many of them will have dealings with the trust departments of trust companies and banks as now have dealings with the commercial and savings bank departments — when it will be a matter of course to have one's estate settled or trust administered by a trust company or bank even as it is now a matter of course to make use of the ordinary commercial banking facilities of depositing, checking, and discounting.

The personal relations between a trust company or bank and its trust customers are and always must be more intimate than those between the same trust company or bank and its commercial or savings bank customers. In the latter each transaction stands more or less by itself — a deposit made, a check drawn, a loan negotiated. It is possible to do banking business year after year without coming into personal contact with a person in the bank — not even a teller, for it may be done altogether by mail. Not so in the trust department. In that the relation is direct, intimate, personal, extending over a period of years.

For this reason it is high time that attention be given to the personalities of the men who are giving and in the future will more and more give tone, direction, and character to that department of trust companies and banks which will control and manage so much of the property and deal directly with so many of the people of our country. It is all the more important that this be done, because young men and women — college and university and law-

From a Portrait by Salzbrenner, 1928.

school graduates, many of them — are entering trust departments to make their careers. They need to have set before them worthy ideals. No ideal is half so effective as a life actually lived amidst normal, which means unideal, surroundings.

"I have chosen to make a character analysis of Colonel Francis Henry Fries . . . because he embodies the highest ideals of trust company service."

With the hope of making some contribution to the personal, as distinguished from the technical, side of trust company service, I have chosen to make a character analysis of Colonel Francis Henry Fries, President of the Wachovia Bank and Trust Company and one-time President of the Trust Company Section of the American Bankers Association. I have chosen him for several reasons: first, because I know him better than I do any other trust man of equal prominence; secondly, because he is one of the acknowledged pioneers in the modern trust company movement — during the early days an associate of such men as Breckenridge Jones, Festus J. Wade, Henry M. Campbell, Judge F. H. Goff, Edmund Hulbert; thirdly, because he has built up from the start and is still at the head of a trust company that occupies a unique place among the trust companies of the United States; and fourthly, and above all, because he embodies the highest ideals of trust company service.

This is meant to be a character analysis and appreciation rather than a biography, which accounts for the fact that not a great deal of space is devoted to the dates and events of his life and that not much attention is given to the chronological order of those that are stated. It accounts also for the fact that so much space is devoted to the trust company movement in the United States. I have used it as a background for the picture of Colonel Fries that I have tried to draw. His life has run parallel with that movement from the beginning. It accounts, furthermore, for my going so far back into Moravian history and into family history; the roots of character reach far into the past and draw sustenance from unexpected sources.

This book will serve its purpose only to the extent that, in portraying with fidelity the character of Colonel Fries, it shows to general readers the type of men who are making our trust companies, that it holds before trust men some of the ideals to be lived up to, and that it reveals to young men and women, in choosing their careers, the opportunities for service in the trust company field.

To name one by one those who have contributed material to the making of this book would make too formidable a list. I acknowledge generally, but no less gratefully, the help I have received from Colonel Fries's few remaining boyhood friends, from his college mates, from his friends in business, from his associates in local, state, and national banking and trust company circles, from the members of his family, and from Colonel Fries, himself, who has cheerfully given me information that, in the nature of things, I could not have obtained from any other source.

My one hope is that this book may help to hold aloft and steady the torch of idealism in trust company service kindled by Colonel Fries and his pioneer associates.

GILBERT THOMAS STEPHENSON

CONTENTS

		Page
	Preface	1
Chapter		
I.	Rise of the Modern Trust Company	7
II.	Call of the Trust Man	17
III.	Response of Francis Henry Fries	31
IV.	His Career as a Trust Man	43
V.	His Moravian Background	51
VI.	Ancestral Influences	65
VII.	His Distinguishing Qualities	73
VIII.	His Philosophy of Trust Service	81
IX.	The Trust Company He Established	93
X.	His Conception of the Trust Company of the Future	101
	Addendum: Wachovia Trust Services Today	109

Chapter I
Rise of the Modern Trust Company

Though the first trust company so called — the New York Life Insurance and Trust Company — was chartered by the Legislature of New York one hundred years ago this March 9th — that is to say, it was chartered March 9, 1830 — the rise of the modern trust company as a financial institution, widely accepted and employed throughout the nation, dates back less than forty years — not to any particular day or year but, in general, to the decade from 1890 to 1900.

If, however, one would fully comprehend the significance of the sixty-three trust companies that existed in the United States in 1890, he must trace them and their predecessors back to and even beyond the first trust company of 1830, for that, too, was preceded, not by trust companies in name, but by corporations authorized to do trust business.

Origin of Trust Company Idea

It has been suggested, upon what authority we do not know, that the original idea of corporations to do trust business came over from India. Harrison S. Morris, in *A Sketch of the Pennsylvania Company for Insurances on Lives and Granting Annuities* (p. 32), says, "But the great success of what in India at this time [1829] were called Agency Houses was irresistibly drawing the attention of financiers towards them. These were concerns organized to transact business for trustees or individuals, to receive moneys on deposit, and to administer estates."

First Corporations With Trust Powers

Impossible though it be ever to find the one who first conceived the trust company idea and salute him with "Thou art the man," it is a matter of legislative record that on February 24, 1818, the Legislature of Massachusetts granted a charter to the Massachusetts Hospital Life Insurance Company and authorized it generally "to make all kinds of contracts, in which the casualties of life and interest of money are principally involved; and to make, execute and perfect such and so many contracts, bargains, agreements, policies, and

other instruments, as shall or may be necessary, and as the nature of the case shall or may require" (*Laws of Massachusetts*, 1817, ch. 180).

On April 16, 1822, the Legislature of New York granted a charter to the Farmers' Fire Insurance and Loan Company under which it was authorized to "receive, take, possess, and stand seized of any and all property that may be conveyed to them in trust, and to execute any and all such trust or trusts in their corporate capacity and name, in the same manner, and to the same extent as any other trustees might or could lawfully do" (*Laws of New York*, 1822, ch. 50). It would appear from the name that the prime purpose of this company was to issue fire insurance policies and to make farm loans.

On December 31, 1824, the Legislature of New Jersey incorporated the Morris Canal and Banking Company of New Jersey and authorized it to "receive and take by deed or devise any effects and property, both real and personal, which may be left or conveyed to said company, in trust, and to assume, perform, and execute any trust which has been or may be created by any deed, bequest, or devise as foresaid; and the said company is hereby authorized and empowered to receive, take, possess, and stand seized of, and to execute any and all such trust or trusts in their corporate capacity and name, in the same manner and to the same extent as any private trustee, or trustees, might or could lawfully do, and no further . . ." (*Charter Laws of New Jersey*, 1824, pp. 169-70). Here again trust business seems not to be first, but only incidental, in the mind of the incorporators.

FIRST KINDS OF TRUST BUSINESS

What kind of trust business did these early companies engage in? We of this generation think of trust business as executorships, administratorships, guardianships, trusteeships under will, trusteeships under deed or by agreement, receiverships under order of court, agencies, and attorneyships-in-fact. Did these early companies have a similar conception of trust business? For the answer to this there are three sources of information: one, the charters; second, the advertisements and statements issued by the companies; and third, the actual records of early trusts received and executed.

There is no record that the Massachusetts Hospital Life Insurance Company ever acted as executor or administrator, though its "trust deposits" were nearly $5,000,000 by 1830. The Farmers' Fire Insurance and Loan Company stated in its advertisement in the *New York Evening Post*, August 6, 1822: "The public will readily perceive that the advantages of this Company to protect property for the benefits of infants or others or to answer any special purposes, either of a public or private nature, are far greater than those of individual executors or other trustees." Plainly, here is a bid for guardianships and executorships; yet we find no record of this company's having received trust business of this kind until after 1836.

While there are such occasional instances of executorships, administratorships, and guardianships, during this period we do find frequent references to "trust deposits" and we are led to inquire: Were not these early

trust companies engaged in a kind of trust business that is unfamiliar to us now or else is being carried on by us under a different name?

INVESTMENT TRUST SERVICE

The fact is that the principal trust business of these early days was that kind of business which is being done now, not by the trust departments, but by the banking departments and the bond or investment departments of our trust companies. Part of it was what we are now familiar with as receiving funds and issuing interest-bearing certificates of deposit, which is a banking function pure and simple; and part of it was what we now know as investment trust service, which is receiving and pooling funds in which each participant has a fractional, not a separable, interest — which is an investment, not a trust, function.

"Practically all of the trust company literature of that day, for or against trust companies, had to do with the deposit of funds rather than the administration of trusts."

Practically all of the trust company literature of that day, for or against trust companies, had to do with the deposit of funds rather than the administration of trusts. (See Perine's *The Story of the Trust Companies*, pp. 40-45; Smith's *Trust Companies in the United States*, pp. 238-82; Lanier's *A Century of Banking in New York*, 1822-1922, p. 300 et seq.)

1820-40 —A PERIOD OF BEGINNINGS

We come now to the question: Why did the trust company have its beginnings during this particular twenty-year period — between 1820 and 1840 — other than earlier or later in our national history? It was, perhaps, no single development but, rather, a group of developments at this particular time that stimulated the growth of trust companies.

This was a period of adventure, and during such a period people are never afraid to try new things. Go back a few years before 1820. In 1815, John Stevens of Hoboken secured from New Jersey the first railroad charter ever granted in the new world — a proposed road to join the Delaware and Raritan rivers (Edwin Wiley, *The United States*, VI, 316). In 1817 the Society for the Prevention of Pauperism in the City of New York took the lead in establishing the first savings bank in New York, which was actually opened on July 3, 1818 (Perine, p. 19) — the third one in the United States. On March 3, 1818, the first public school district was provided for in Philadelphia (Wiley, VI, 321). In 1819 the first steamship, the *Savannah*, crossed the Atlantic (Perine, p. 19). In 1820 petroleum was first discovered in Ohio (Perine, p. 19).

Now come to the period 1820-40. In 1822 Boston and in 1823 New York adopted gas for street lighting. Philadelphia did not have gas until 1837. Coal was introduced in Philadelphia and New York in 1819. A New York coal company had to give away grates to induce people to burn coal in place of wood (John Bach McMaster, *History of the People of the United States*, V. 129-30). The labor union movement was started in 1825 (Wiley, VI, 225). The same year the Erie Canal was opened from Buffalo to New York (Ibid., 314). In 1831 the country's first street-railway system was incorporated — the New York and Harlem Railroad (Perine, p. 32). In 1838 the telegraph was

first exhibited and the daguerreotype first introduced (Perine, p. 33).

While none of these beginnings has any direct bearing upon trust companies, they do, nevertheless, show that 1820-40 was a period of experimentation, that it was the expected thing, as it is now, to do what had never been done before. It is not surprising, then, that some enterprising business man should have conceived the idea, whether suggested by the Indian Agency Houses or not, of having corporations to engage in a new kind of business that they were pleased to call trust business but which we now call investment-trust business.

GROWTH OF CITIES

This was also a period in which the rural people of the new nation began to move to town and to swell the towns into cities. Trust companies are distinctly products of city life; they cannot thrive on the patronage of rural areas alone.

By 1830 the total population of the United States had become 12,866,020; and that of the principal cities as follows: New York, 202,589; Philadelphia, 161,410; Baltimore, 80,625; Boston, 61,392; Cincinnati, 24,831.

Ten years later the population of the United States had increased to 17,069,453. Eight and one-half per cent of the population of the country lived in forty-four cities of 8,000 or more. While the growth of these cities did not, of itself, bring trust companies into existence, it did help to produce a situation that was friendly to their growth.

CHANGING FORM OF WEALTH

Still another incentive to trust companies at this time was the change in form of wealth — the change from lands, live stock, goods, and other tangible properties that had value in and of themselves to stocks and bonds that were only evidences of value. Prior to 1800, it is said, the wealth of the country consisted "almost entirely of real estate [land and buildings], ships, agricultural products, fisheries, and commerce" (Wiley, IX, 220).

The first third of the nineteenth century — the period immediately preceding the beginnings of trust companies — marked the beginning of manufacturing on a large scale. The spindles of the New England mills, for instance, increased from 8,000 in 1808 to 1,246,000 in 1830. The production of pig iron increased from 53,908 long tons in 1810 to 286,000 long tons in 1840 (Smith, p. 251). "From 1810 to 1840 manufacturing developed to a wonderful extent. For lack of precise statistics there is some difficulty in making actual comparisons of these three decades. But in general the increase was from $59,574,660 in 1810 to $186,079,592 in 1840, or 212 per cent in thirty years. In 1820 the number of operatives employed in manufacturing was 56,296 and in 1840, 455,668" (Wiley, IX, 220-21). These figures, fragmentary as they are, show that the first third of the nineteenth century witnessed a turning from agriculture to manufacturing, as it witnessed also a turning from rural to urban life.

This period also marked the beginning of huge individual fortunes. Lanier in his *A Century of Banking in New York*, 1822-1922, reprints the sixth edition (1845) of *Wealth and Biography of the Wealthy Citizens of New York City*, from which it appears that by 1840 there were twenty-one millionaires in New York City, three or four of whom had more than $10,000,000 each.

INDUSTRIAL CORPORATIONS

The change from agriculture to manufacturing produced a change in the form of business organization from sole proprietorships and partnerships to corporations. While farms and stores could be financed by one or, at most, a very few individuals, manufacturing enterprises could not be so financed. The latter required the pooling of the available capital of a larger and a more widely scattered group of individuals. Yet individuals would be unwilling to involve their whole estate in a manufacturing venture with associates who were strangers to them. The trend of the times toward manufacturing, therefore, naturally led to the corporate form of business organization. And this period witnessed the appearance of corporations as the usual rather than the occasional form of organization. Prior to 1776 only two corporations had been chartered in the United States. Between 1800 and 1823 as many as 557 manufacturing companies were formed in eight states with combined capitalization of $72,000,000. More than three-fourths of them were organized in New York and Massachusetts (Charles W. Gerstenberg, *Organization and Control*, p. 11). From another source we learn that in 1825 there were applications to the New York Legislature for banks, insurance companies, and other enterprises aggregating $52,000,000 (Lanier, p. 197). In 1830 the Legislature of New York chartered thirty-one corporations, other than banks, with a capitalization of $15,000,000 (Wiley, VI, 306).

"With the coming of manufacturing as a principal business and of corporations to engage in manufacturing, it did become desirable to pass on intact from generation to generation a business that had proved successful."

DEMAND FOR CORPORATE TRUSTEES

The next step after changing the form of wealth from land and goods to stocks and bonds was the creation of corporations to handle the estates of those whose wealth consisted of stocks and bonds. So long as estates consisted of farm lands and merchandise there was little need of trust services. When a farmer died his estate passed to his heirs and next of kin and was either divided among them in kind or else sold for division. Perishable goods could not be held in trust, and there was little point at that time in holding land in trust. But with the coming of manufacturing as a principal business and of corporations to engage in manufacturing, it did become desirable to pass on intact from generation to generation a business that had proved successful. At the same time it became feasible to do so in that all that was necessary was to pass on the stocks and bonds. Then as now there were instances in which it was advisable, on account of nonage or dependence or even inexperience, to keep property from passing directly into the control and possession of the beneficial owner.

As might have been expected, the first corporations chartered with

trust powers were authorized to administer trusts as trustee rather than to settle estates as executor or administrator. The argument for trust companies, as we have seen, was the safeguarding of properties rather than the settlement of estates. The charters of all these early trust companies authorized them to receive and administer properties *in trust*. In the amendment to the charter of the Pennsylvania Company for Insurances on Lives and Granting Annuities trustee, assignee, guardian, committee are mentioned, but not executor or administrator. It is not to be inferred that these early trust companies could not settle estates; the only inference intended is that they were created primarily to hold and invest properties rather than to settle and distribute estates.

TRUST COMPANIES AFTER 1840

We have devoted more than a proportionate amount of space to the beginnings of trust company service during the twenty-year period from 1820 to 1840, because it is important to know something of the soil in which the roots of the modern trust company grew.

It would be bootless to trace during the next fifty years —1840-90 — the development of individual trust companies or the economic conditions that at one period encouraged and at another discouraged their formation or growth. In this half-century, we shall attempt only to trace the principal functional developments of trust companies, noting when they took on the various functions that now go to make up the multitude of services of any modern, well equipped trust company.

By 1840 there were many instances of corporations accepting trust deposits and holding them either in the form of certificates of deposits or in the form of investment trusts. There were a few instances of corporations serving as guardian, executor, administrator, trustee under will, trustee by agreement. That is to say, nearly all of the purely personal trust services — services to individuals as distinguished from those to corporations — were known to some extent by one or another of the trust companies that came into existence by 1840. But, as Smith says, the growth of a variety of corporate trust services will be found to correlate with the increasing use of the corporate form of enterprise and an ever increasing complexity of corporate financial organization (Smith, p. 283).

REGISTRAR AND TRANSFER AGENT

In the beginning industrial corporations issued and transferred and registered their own stocks and bonds. But as they grew in number and size, they, too, turned over to trust companies the tasks of registrar and transfer agents. As early as 1864 the Union Trust Company of New York was authorized by its charter to act as agent for issuing and registering stocks and bonds. But the Provident Life Insurance and Trust Company of Philadelphia has produced the earliest record of service in that capacity — 1865.

CUSTODIAN

From the earliest issues of stocks and bonds banks had served as custodians of the securities of their customers — usually, however, as an accommodation and without pay. But in 1861 the New York Safe Deposit Company was chartered to go into the safe deposit business. And the Philadelphia Trust Company, organized as the Philadelphia Trust, Safe Deposit and Insurance Company, has had a safe deposit business since 1869.

FIDELITY INSURANCE

At one time fidelity insurance was combined with trust service. The Fidelity Insurance Trust and Safe Deposit Company, incorporated in 1866, and the Guaranty Trust and Safe Deposit Company of Philadelphia, incorporated in 1872, were the pioneers in fidelity insurance.

TITLE INSURANCE

Title insurance as a part of trust company service came in 1876. That year the Real Estate Trust Company of New York and the Real Estate Title Insurance and Trust Company of Philadelphia were chartered to insure titles.

"TRUST DEPARTMENTS"

One of the most significant changes in trust company service came in 1874, and yet little notice has ever been taken of it. In that year appeared the first reference we have found to a "trust department" — a department separate and apart from the other activities of the company for the separate handling of trusts. The reference appears in the charter of the Boston Safe Deposit and Trust Company and is as follows: "All money or property held in trust under the third section shall constitute a special deposit, and the accounts thereof shall be kept separate . . . and for the purpose of securing the observance of this proviso, said corporation shall have a trust department in which all business pertaining to such trust property shall be kept separate and distinct from its general business" (*Laws of Massachusetts*, 1874 [June 27]).

THE YEAR 1890

Without tracing further the development of trust companies during this half-century we come to the year 1890, which we have suggested as the year of the beginning of the modern trust company. In 1888 Thomas Leaming, writing in *Lippincott's Magazine* (XLII, 887) on "Trust and Title Insurance Companies," says of them: "In New York there are some large concerns known all over the country chiefly as trustees of railroad mortgages; but it is strange that in none of the great cities, excepting the one first mentioned [Philadelphia], is any considerable proportion of the private fiduciary business as yet transacted by corporations." And Smith (p. 324) writes: "Relatively speaking, the personal trust business of corporate fiduciaries suffered a relapse during this period [1850-90], at least up until 1890, due

to the large amount of attention given to the development of corporate trust and agency services, to the development of the safe deposit, fidelity insurance, title guaranty, and other services with which corporate fiduciaries experimented during this period."

As we approach the year 1890 we find that the trust companies are emphasizing their banking rather than their trust business. Says the *Commercial and Financial Chronicle*, January 20, 1883: "Not very long ago their position was what their name represents, that is institutions for safely keeping and managing trust funds. More recently they have been running into a general banking business, and now hold a position not very unlike the joint stock banks of London, which take deposits at interest, loan them as best they can, while leaving to the Bank of England the burden of carrying the reserve."

The *Bankers' Magazine* said in May, 1891 (pp. 852-53): "An unusual number of trust companies are organizing for the purpose of doing banking business. This form of incorporation is increasingly popular, because a larger variety of business can be transacted than by the national bank, and with less restrictions."

In March, 1892 (pp. 695-96), the same magazine said: "National banks are feeling the pressure of trust companies in several ways. In nearly all the states they are not required to maintain any reserve, they are enabled to do many things which are forbidden to national banks and which are profitable. In Massachusetts they are invading the field of the savings banks, and this has caused fresh criticism of their methods from a new quarter."

Yet, when it comes to trust business proper, the trust company of 1890 seems not yet to have made a place for itself in our national financial system. That year the *American Law Review* said, "It is too early yet to say, from experience in this country, how laws conferring such [trust] powers upon such corporations [trust companies] are going to work . . . . The failure of an individual who is guardian of a particular estate affects that estate only; but the failure of a great trust company might affect the life prospects of an untold number of widows and orphans" (XXIV, 633-34).

National Organization of Trust Companies

In 1896 representatives of fifteen trust companies from eight states — Massachusetts, Pennsylvania, New York, Illinois, Indiana, Missouri, Kentucky, and Colorado — united in calling a conference in St. Louis in September of that year to consider the advisability of organizing the trust companies of the country into a section of the American Bankers Association. Seventeen representatives from ten different states met in St. Louis at the appointed time, and requested the general association so to amend its by-laws as to permit the organization of a Trust Company Section. The first annual meeting of the section was held in Detroit in 1897 and was attended by 117 members. Thereafter the membership increased to 150 by 1898, to 931 by 1908, to 1833 by 1918, and to 2,796 by 1928.

Since 1890

We have sketched the steps by which successive trust services were added. Since 1890 but two other steps in trust service have been taken — taken almost simultaneously. One was the amendment to the Federal Reserve Act in 1918 permitting national banks to do trust business. The other is the remarkable growth in cooperation between life insurance companies and trust companies in promoting life insurance trusts and the equally noteworthy response of the public to this new type of trust service. The year 1920 may be said to mark the real beginning of life insurance trusts. Though the first trust of this character had been established by the Girard Trust Company as early as 1869, though the Provident Trust Company of Philadelphia had one in 1877 and the Northern Trust Company of Chicago had one in 1891, life insurance trusts did not begin to come into general use until about 1920, and the phenomenal development of the past eight years is but an earnest of what may be expected during the next twenty years. Already over a billion dollars of life insurance is under policies payable to trust companies of banks as trustees, and the amount is now increasing at the rate of nearly three-quarter of a billion dollars a year. Life insurance trusts seem to be the contribution of this generation to trust company service.

Interval Between Grant and Exercise of Trust Powers

As one looks over the century from the beginning of trust company service and studies individual trust companies, in so far as the latter is possible, two things impress him.

The first is the length of time that intervened between the date of incorporation of many of the trust companies and the date of their actually beginning trust business. The following is the date of the charter, date of beginning trust business, and interval between these two dates of a number of the trust companies that trace their ancestry either directly or, through consolidations and mergers, indirectly back seventy-five years.

The reason for the extraordinary interval in every case but one (companies already considered by name not included) between the date of the charter and that of the actual beginning of trust service is, of course, that most of these institutions started as something else than trust companies (though they may have had trust powers from the beginning) and began the exercise of trust powers only later, much later, in their institutional careers.

DATE OF CHARTER	DATE OF FIRST TRUST SERVICE	INTERVAL BETWEEN (YEARS)
1800	1904	104
1808	1913	105
1812	1916	104
1814	1912	98
1814	1920	106
1826	1913	87
1831	1902	71
1832	1906	74
1833	1903	70
1833	1917	84
1834	1918	84
1846	1905	59
1847	1891	44
1849	1920	71
1850	1916	66
1851	1906	55
1853	1893	40
1854	1855	1
1854	1914	60
1854	1918	64
1854	1899	45

Chapter II
Call of the Trust Man

The rise of the modern trust company has created a demand for the trust man. It has produced a new profession in which both men and women are finding congenial careers. The number of trust women is increasing, and we venture to predict that trust business will soon offer one of the most attractive fields for women with legal training.

Definition of Trust Man

A trust man, in a sentence, is one whose lifework is settling estates, administering trusts, and rendering fiduciary services of all kinds to individuals, firms, corporations, and political units such as cities, counties, and states. A trust man is usually associated with a trust company or bank; rather, he is not called a trust man unless he is so associated. While at one time or another men as individuals have done all the things that trust men do, we know of no individual who has taken up trust service as an independent career. In the older states — in Massachusetts particularly — men have devoted their whole time to the administration of one or more trust estates placed in their hands by will or agreement or order of court. But this is only one branch of trust service; and few, if any, men have started their careers and continued them through life as executors, administrators, or trustees. The family lawyer is the nearest approach of any individual to the profession of trust men, but he does not quite qualify in that he does not devote himself exclusively to trust service. So we must give the trust company credit for having produced the trust man or — the reverse may be true — give the trust man credit for having produced the trust company. While there is no way of telling which came first, this we know: Neither has existed or is likely to exist without the other.

Trust Man and Trust Officer

A distinction must, however, be made between a trust man and a trust officer. "Trust man" is descriptive of the profession; "trust officer" of the office; just as "banker" is descriptive of the profession and "cashier" of his office. Every trust officer is expected to be a trust man, but every trust man

is not a trust officer, just as every cashier is expected to be a banker but not every banker is a cashier. Some trust men hold the office of chairman of the board, of president, of vice president, while others, none the less trust men in reality, hold no office at all. We are concerned not about the surface distinctions of office or title but about the new profession for which the trust company has created a demand and made a place.

KINDS OF TRUST SERVICE

"The duties of a trust company as executor, administrator, guardian, trustee, agent, receiver, and the like embrace four different kinds of service — financial, business, administrative, personal."

The best way — in fact, the only satisfactory way — of finding out the essential qualifications of a trust man is to find out what one has to do. Without entering a detailed discussion of the functions of a trust company, it may be said that, in general, the business of a trust company through its trust department, as executor or administrator, is to settle the estates of people who have died; as trustee, to administer the estates of both the living and dead for the benefit of those who, for one reason or another, need to have their estates safeguarded; as guardian to administer the estate of minors and incompetents; as agent or attorney-in-fact to handle the financial affairs of individuals, firms, corporations, public institutions, and political units; as custodian to take care of property left with it for safe-keeping. For corporations, it serves as trustee under bond issues, as registrar and transfer agent of stocks and bonds, as liquidating agent in case of merger or consolidation or reorganization of refinancing, as receiver in case of insolvency, and in other capacities of which these are typical.

The duties of a trust company as executor, administrator, guardian, trustee, agent, receiver, and the like embrace four different kinds of service — financial, business, administrative, personal.

In any one of these capacities the trust company must handle the money matters of the estates it is managing. It must receive funds, must pass upon claims, must pay debts, must arrange loans, must study and, as best it can, meet the financial needs of the estate.

The trust company must assume the business management of the enterprises it takes over in estates. In some cases it should liquidate the business forthwith; in some it should reorganize and carry on; in some it should go on without reorganization. Sooner or later a trust company will find itself charged with the management of every kind of business that is carried on in its community. This is bound to be so, for it will be named as executor under wills or be appointed by the court administrator or guardian or trustee of estates that are composed not only of stocks and bonds of corporations engaged in all kinds of ventures, but, more than that, of sole proprietorships and firms and close corporations — one-man concerns — in which the estates it takes over are principally or even wholly invested. In this latter case upon the proper handling of the business depends the measure of success of the trust company.

The trust company must also handle the administrative details of estates and trusts. It must take the steps and do the things that the law requires.

It must make appraisals and inventories; it must list property for taxes and make tax returns and tax reports — local, state, and federal, *ad valorem*, income, inheritance, estate, transfer; it must keep the books; it must make reports, accounts, and settlements with the court and with the beneficiaries; it must invest funds and keep them invested; it must keep a complete record of the administration of the estate though it extend over two or more generations; it must keep every estate, every trust, every agency separate and distinct as if it were the only one being handled by it; it must be ready at all times to have its records inspected, its accounts checked, its investments analyzed by the court and by every one who is financially interested in the estate.

"Unless the trust company goes the final step and renders good personal service to the beneficiaries, its financial, managerial, and administrative services, however excellent they may be, will have been in vain."

The trust company handles the finances, manages the business and performs the administrative details of all the estates that come into its hand for the sake and, in the last analysis, only for the sake of the beneficiaries of these estates and trusts. Men do not make wills for their own sakes, for they are dead when their wills take effect. They do not, as a rule, create trusts for their own benefit. No, there is nearly always a woman or a child in the case — oftener than not, several children. The financial, managerial, and administrative services of the trust company are not ends in themselves; they are only means to an end. Unless the trust company goes the final step and renders good personal service to the beneficiaries, its financial, managerial, and administrative services, however excellent they may be, will have been in vain.

The trust company is called upon to render personal service of the highest order to women and children and, to a less degree, to other people of all ages and conditions. Women must be helped in the ordering of their homes, in the education and discipline of their children, in the apportionment of their income. Children must be helped in the selection of a school and course of study, in the selection of a career, in their start in business or profession. The demands for personal service made upon a trust company are as varied and as irreducible to catalogue as are the demands for personal service upon a husband and father and friend.

WHO RENDERS TRUST SERVICES?

But who is to render all these services — financial, managerial, administrative, personal? Not the trust company as a corporation, for, while it is a person in the eye of the law, it is not a person in the eye of the widow or child or other beneficiary. What troubled our forefathers about a trust company's doing trust business was that it did not have a soul. While the trust company as a corporation does not have a soul to be saved or damned, a judgment to be rendered in counsel or conduct, a heart to be touched with sympathy or pity, an influence to be felt for wealth or woe, it is true, nevertheless, that the trust company is composed of men with souls, with judgment, with sentiment and emotion, with influence. Twenty years ago Woodrow Wilson, then candidate for Governor of New Jersey, speaking of the corrupt practices of corporations, emphasized the fact that crime is

"A trust company as a corporation does not possess a soul or mind or body; but inside the trust company are to be found men and women who do possess souls, minds, and bodies."

personal, that corporations as such do not violate laws, that always inside an offending corporation is to be found some offending person. Quite so. But this is true too: Service, as well as guilt, is personal. A trust company as a corporation does not possess a soul or mind or body; but inside the trust company are to be found men and women who do possess souls, minds, and bodies.

The men and women who give character to trust companies possess certain qualifications — not single qualifications, each standing alone, but a group of qualifications that in the grouping are peculiar to trust men. Every one of us has seen faces that possess rare charm and beauty and yet not a single perfect feature and, on the other hand, has seen faces repulsive and ugly while every feature considered by itself was perfect in its symmetry. It is the combination that counts. So in the case of a trust man, though he does not possess any virtue that is peculiar to himself, he must possess a grouping of qualifications that fit him to his duties.

KINDS OF TRUST MEN

Before undertaking to group the qualifications that go into the making of a trust man, we must go a step further and classify trust men, for different kinds of trust service call out different qualifications or rather produce varying emphasis upon different qualifications.

Trust men may be divided into three classes — executive, administrative, and technical. This does not mean that the same person may not be an executive, administrative, and technical trust man. When the Wachovia Loan and Trust Company was organized in 1893, Francis H. Fries was president of the company (executive), acted in the capacity of trust officer though not with that title (administrative), and kept the books, rendered the accounts, made the investments, and did the actual work of settling estates and administering trusts (technical). As the company grew, he turned over the technical, then the administrative, and now retains only the executive duties.

THE EXECUTIVE TRUST MAN

An executive trust man is one who as the directing head of a trust company — in the capacity of chairman of the board or president — formulates the policies of the institution as a whole. Corporations, like individuals, have reputation and character — reputation for progress or conservatism or prudence or speculation or sympathy or indifference or considerateness or cold-bloodedness or high or low standards of conduct or unimpeachable integrity or suspicious shrewdness. Every quality of character — good, bad, or indifferent — that is imputed to man is possessed by corporations. The executive head of a trust company is the incarnation of the character of his corporation. Men do judge and should be able fairly to judge the corporation by its executive head.

The executive trust man must, of course, possess all the qualities of leadership that the head of any large enterprise possesses. In addition to these general qualities, he should possess certain qualities that embody

the spirit of a trust company.

One of them is a genuine, not simulated, interest in his fellow men. He cannot be cold and indifferent and unapproachable and expect men to bring to his company their estates to be settled and their trusts to be administered, work which involves constant contacts between widows and children and the company.

Another is an unselfish spirit of service rather than a greedy craving for profits. Profits are, of course, necessary to the existence of his company, and it is a president's duty to his stockholders to see that every trust service rendered, in so far as practicable, shall return a reasonable profit. Nor do those who have trust business to offer expect anything else than to pay a fair return for the service. But insisting upon a reasonable return is quite different from creating the impression that the company is in the trust business for the money it can make out of it. The executive trust man who lets himself or his company get the reputation of being money-mad will sooner or later forfeit the patronage of trust customers.

A third qualification of the executive trust man is innate honesty — not honesty of conduct alone but honesty of heart that illumines the countenance and radiates in every direction. There are men who make the impression — by manner or movement or word or countenance or some indefinable way — that they are honest by every canon of conduct because they have to be honest, because they are afraid not to be honest, or because honesty is the best policy. Such a man should never head a trust company. There are, on the other hand, men who make the impression that they are fair and square in their dealings with their fellow men because they do not know how to be anything else than fair and square. By the impression they make they win confidence; by the character they possess they keep it. Or, as Emerson said: "There are geniuses in trade, as well as in war, or the state, or letters; and the reason why this or that man is fortunate, is not to be told. It lies in the man: that is all anybody can tell you about it. See him, and you will know as easily why he succeeds as, if you see Napoleon, you would comprehend his fortune.... His natural probity combines with his insight into the fabric of society to put him above tricks, and he communicates to all his own faith, that contracts are of no private interpretation. The habit of his mind is a reference to standards of natural equity and public advantage; and he inspires respect, and the wish to deal with him, both for the quiet spirit of honor which attends him, and for the intellectual pastime which the spectacle of so much ability affords.... None will ever solve the problem of his character according to our prejudice, but only in his own high, unprecedented way." Such men, provided they have executive ability in other respects, are natural-born executive trust men.

He should also be public-spirited. This does not mean that he should devote time and attention to the affairs of state or church or society to the point of neglecting the duties of his office with the trust company. But then, on the contrary, he must not neglect his public duties as citizen and neighbor. A

"A trust man must . . . possess certain qualities that embody the spirit of a trust company. One of them is a genuine, not simulated, interest in his fellow men . . . . Another is an unselfish spirit of service . . . . A third qualification of the executive trust man is innate honesty — not honesty of conduct alone but honesty of heart that illumines the countenance and radiates in every direction."

"But one quality, in addition to technical proficiency, should characterize every one connected with a trust department. That is friendliness."

trust company is a quasi-public institution. In its personal trust services — its care for widows and orphans and dependents — it is thought of as, in a way, an eleemosynary institution. The community expects the head of its trust company to be a public-spirited man, a community leader, an exemplary citizen.

THE TECHNICAL TRUST MAN

The technical trust man is one who handles the details of settling estates and administering trusts. Under this title come specialists like real estate trust officers, trust investment officers, tax experts, accountants, bookkeepers, custodians, draftsmen of wills and trust agreements, salesmen of trust services — the whole array of the personnel of a trust department other than the administrative officers in charge of the department. As already stated, these are none the less trust men and women, they are none the less essential to a complete trust service, because they have no title. Soldiers are none the less soldiers because they are privates in the ranks.

But one quality, in addition to technical proficiency, should characterize every one connected with a trust department. That is friendliness. To some degree or other, every one in a trust department, from the messenger up, comes into contact with the public; and, if he radiates a spirit of friendliness, he creates the impression that the trust department as a whole is friendly. This leads people with estates to say, "They are the kind of people I should want my wife and children to deal with if I were gone."

THE ADMINISTRATIVE TRUST MAN

The administrative trust man is the one who, as head of the trust department or head of a division of the trust department, directs the policies of the department or division. He is the one who has most of the contacts with the patrons and beneficiaries of the trust department, who incarnates the spirit of the trust department as the executive trust man incarnates the spirit of the institution as a whole. He is the one that people usually have in mind when they speak or think of a trust man.

The qualifications of an administrative trust man are the mental equipment, social attitude, and personal standards without which one will not achieve notable success in this field. It is not claimed that every administrative trust man possesses all these qualifications or that none but administrative trust men possess them, but only that the qualifications named are the ones found in trust men who have distinguished themselves in the administrative work of trust departments.

KNOWLEDGE OF LAW

An administrative trust man should have a working knowledge of law, with particular emphasis upon probate practice, trusts, and wills. He may not have been a practicing attorney or even have been admitted to the bar. Some of the most successful trust men have acquired adequate knowledge of law

through private study and through contacts with attorneys for estates, counsel for trust companies or banks, and clerks and judges of the probate courts.

While an academic degree in law, a license to practice, and several years' experience in the practice are distinct advantages to an administrative trust man, certain habits acquired in the practice may cause him discomfort during the transition from law office to trust department. The trust officer of a western trust company, who was the attorney general of his state before he became a trust officer, says of the legal knowledge and experience of an administrative trust man:

"He must not be content with saying, 'The law does not permit it,' but must find out how the thing can be done practically and safely. He must talk the language of the layman and not that of the lawyer."

"He must be a good lawyer, but one who has forgotten that he is such. By this I mean that he must not bring with him the procrastinating tendencies of the average lawyer nor the lack of system of the average law office. He must not be technical as to the following of substantive law or procedure nor the use of legal verbiage. He must not be content with saying, 'The law does not permit it,' but must find out how the thing can be done practically and safely. He must talk the language of the layman and not that of the lawyer. Plain, simple, Anglo-Saxon words should be used in the documents which he prepares, and he should have as much abhorrence for legal terms, such as '*per stirpes* and not *per capita*,' 'decedent,' 'exoneration,' and 'said party of the first part,' as the average layman."

Comprehension of Accounting

An administrative trust man should have comprehension of the principles and practices of accounting. This does not mean that he must take a course in bookkeeping or accounting, though that will be advantageous to him, or that he must be able to keep books or render accounts. The technical trust men will handle these details. But he must be able to read intelligently accounts that have been rendered, to detect patent errors, and to explain accounts, not in technical terminology but with real intelligence, to the court, to the beneficiaries, and to all others who have the right to inquire into them. The president of a large trust company of Washington City says that it is most important for an administrative trust man "in the daily routine of his business to be thoroughly acquainted with accounting in all its branches. It is so easy," he continues, "to bring disrepute upon a trust company by the inability of the head of the trust department to explain satisfactorily the accounting features incidental to the management of an estate. By this I do not mean that the trust officer should actually keep the accounts or be an expert accountant; but he should know how to direct the bookkeeper having such matters in charge, that the bookkeeper may start the accounts on the right basis and keep them so."

Understanding of Investments

An administrative trust man should understand the principles of investment. He should know enough about analyzing statements of the capital structure, of the financial condition, and of the operation of a

corporation to have an intelligent judgment as to the essential qualities of its stocks or bonds. Unless he has knowledge and experience in this respect he cannot decide whether an original investment in a trust should be retained or converted or whether a new investment should be made. While he may not know the technique of purchase, sale, conversion, redemption, call, transfer, registration, and certification of securities, he should, by all means, know and understand the underlying principles of corporation finance so as to be able to judge for himself the quality, character, and desirability of securities owned by or offered to his estates and trusts.

" . . . he must know in theory and apply in practice the proved and accepted economic principles that underlie all kinds of business."

EXPERIENCE IN BUSINESS

An administrative trust man must acquire in some way or other experience in business management. He must, of course, be able to analyze the financial statements, operating statements, and expense accounts of the businesses that come under his management in settling estates; but, more than that, he must be able to diagnose business ailments and tell what is the matter with a concern and, having diagnosed the case, prescribe the remedy — whether to reorganize or to refinance or to liquidate. This is one of the essential qualifications of an administrative trust man. Executorships and administratorships of the estate of individuals and trusteeships and receiverships of corporations bring to administrative trust men business enterprises of all kinds — farms, stores, factories, hotels, mines, water powers. Though a trust man may not himself be a direct farmer or a trained merchant or an experienced manufacturer or know the details of operation of any business, he must know in theory and apply in practice the proved and accepted economic principles that underlie all kinds of business.

This point needs special emphasis to men who enter the trust field by way of the law office. Lawyers are divided roughly into two classes — those whose minds run toward business and those whose minds run toward books. The technical lawyer will be less likely to succeed as an administrative trust man than will the one with a practical mind and a knack for business; for trust work will call more frequently and more insistently for business judgment than for legal knowledge. He may employ counsel for legal guidance, but he cannot secure a substitute for business judgment.

An executive of one of the trust companies of Chicago says: "One of the most important special qualifications which a man needs for high executive (administrative) position in a trust department...is the ability to give a business and not a technical administration to trusts and the gift of causing people to believe that he will do so."

However essential to the sound administration of a trust possession of proper mental equipment may be, none the less essential to successful trust service is possession of proper social attitudes toward the beneficiaries and toward all others who have business to transact with trust departments.

SYMPATHY

An administrative trust man should not only be sympathetic but should also show himself to be sympathetic, to have a fellow feeling for others and to take a practical, personal interest in their welfare. Like Abou Ben Adhem, he must be able to say, "I pray thee, then, write me as one that loves his fellow men."

The mother who approaches the head of the trust department should feel that he is sincerely interested in her problems of discipline, of education, of home life, and in the thousand and one things that concern a wife and mother and housekeeper. The youth who comes to him for help or advice should feel that the latter is sincerely interested in his problems of education, of career, of marriage even.

A misanthrope, cynic, recluse, or any one otherwise unsociable or antisocial has no place in the trust field. The true trust man should, in so far as he can, possess the rare quality that Professor Palmer attributed to Alice Freeman Palmer when he said of her, "Her simple manner and generous sympathies put every one at ease and gave each the satisfaction, entirely well grounded, of feeling that he was for the moment her greatest object of regard."

A trust man of the Middle West says: "I believe that no one can be a really successful trust officer unless he takes a decidedly personal interest in the affairs of his clients, just the same as the most successful physician or surgeon takes a personal interest in the care of his patients. I have no use for even the most noted physician or surgeon unless I can have absolute confidence in him and realize that he takes more than a scientific interest in his cases."

PATIENCE

An administrative trust man must have patience, "the patience of Job," says the president of the oldest trust company in New York City.

Many of the demands made upon a trust officer are unreasonable. He is expected to make a brick without straw — to supply income when there is no principal to produce it. He is expected to disregard the law and the terms of wills and trust agreements to meet the wishes of beneficiaries. He is blamed for everything that goes wrong in connection with an estate or trust, whether it be a clerical error or the failure of a company to pay dividends.

An administrative trust man whose patience is tried — and tried it will be — should reassure himself with this thought: If all beneficiaries of estates and trusts were satisfied with the terms of the wills and trust agreements, if all of them had good dispositions and sound judgment, and if all of them were thrifty and economical, there would be less need of the services of trust men. The more unreasonable, disagreeable, improvident beneficiaries are, the greater the opportunity for a sympathetic, patient, and yet firm trust man. Remember, "They that be whole need not a physician, but they that are sick."

" . . . beneficiaries come to trust men for moral support quite as often as they come for business advice or financial help; and in this respect the trust man endowed with a sense of humor and a cheerful disposition has a distinct advantage. . . ."

SENSE OF HUMOR

While a sense of humor may not be essential to an administrative trust man, it will increase his sympathy and his patience and also prolong his life. It will relieve the strain upon one who takes his work to heart, as it relieved the strain upon Lincoln during the Civil War.

There is at best a somberness about trust service. It is a drain upon one's vitality to open and read wills in the presence of grief-stricken women and children, to have conference after conference with widows in garments of mourning, to explain self-evident facts time and again to those who cannot or will not understand, to bear the blame that others should take.

The ability to parry a stinging thrust with courteous charity, to turn away wrath with a soft answer, to plant a smile on the face of sorrow not only relieves the strain upon the trust officer himself, but lightens the burden upon the beneficiary. It must be remembered that beneficiaries come to trust men for moral support quite as often as they come for business advice or financial help; and in this respect the trust man endowed with a sense of humor and a cheerful disposition has a distinct advantage over the one who shows on his face that he is carrying or thinks he is carrying upon his shoulders the burdens of the world.

ABILITY TO KEEP CONFIDENCES

A trust man — whether executive, administrative, or technical — not only must inspire confidence but must keep inviolate the confidences reposed in him. His desk — particularly if he is in the active management of estates and trusts — often becomes a confessional at which testators and beneficiaries open their hearts on personal as well as business matters.

The trust man must beware of divulging confidential matters in unguarded moments. He is not often tempted to talk indiscreetly to outsiders, but he is tempted sometimes to talk too freely to other clients of the trust department. While these clients may be flattered at the time by being taken into the confidence of the trust man about other estates and trusts, the reaction afterwards is expressed in the query, "If he tells me about other people's estates and trusts, mayn't he tell others about mine?"

The trust officer of a Baltimore trust company says: "One of the most important characteristics of a good trust man is his ability to keep his mouth closed as to matters in his department. If beneficiaries once get the idea that there are leaks emanating from a company's trust department, irreparable damage has been done."

PERSONAL HABITS

A trust man's habits should be above reproach. If he is true to the institution that employs him, he will not maintain that his life out of office hours is his own affair, that his company has no right to inquire into his habits so long as he does his work well. He is not doing his work well if his

habits are such as to bring criticism upon him and his company. He is still rendering trust service or disservice by his life after hours quite as truly as by his work during the day.

"Our business is a sacred trust."

The head of the trust department of one of the largest trust companies in the United States says: "If I were to express my views on the subject of the essential quality of character, you might feel that I was in danger of being narrow-minded. I do feel, though, that, if character is an essential qualification of the successful business man, it is more so in the case of a trust man than in almost any other line of business. In fact, I am in the habit of thinking of our business as a profession, and, like some other professions, it requires an attention to our task so close that it borders on sacrifice of our own interests. I feel that a man in our business needs to give a good deal of thought to personal conduct. If a trust officer is going to be influential with young people, whose welfare he is responsible for through business connections or in other ways, and teach them the value of thrift, moderation and temperance, he cannot consistently nor, I think, without impairing his usefulness spend his time drinking, gambling, and indulging in other forms of extravagance. Our business is a sacred trust, and when these young people and other dependent clients come into our lives, there comes with it an obligation that we cannot afford to sidestep, neglect, or give other than our best thought and effort to."

BUSINESS PRACTICES

A trust man should be above discussion, to say nothing of criticism, in his business practices. He cannot plunge into questionable or highly speculative ventures or take short cuts or impose upon the ignorance or credulity of others, even though he stay within the letter of the law, without bringing his institution into disrepute. The man who has an overweening desire to make money should stay out of the trust field. In this respect, as in all others, the trust man is regarded by the public as a professional man. If the people get the impression that he is thinking more of the money he is making in outside projects than of the service he is rendering as a trust man, both he and his company will suffer irreparably in public esteem.

" . . . a true trust man does more than embody the best traditions and intimate spirit of his institution; he enriches the traditions and ennobles the spirit of that institution."

The trust company movement in this country depends for its ultimate success more upon the qualifications of its trust men than anything else. Imposing buildings and enormous resources inspire confidence in financial responsibility for conserving estates, but only level-headed, high-minded, true-hearted trust men bring to the institution estates to be settled, trusts to be administered, and beneficiaries to be served.

A true trust man is, therefore, the most valuable asset of any trust company. The head of the trust department of a great New York company says that the trust man must "first of all be a man who embodies the best traditions and intimate spirit of his institution, in whose hands its fair fame and established goodwill will be protected and increased." Yes; but a true trust man does more than embody the best traditions and intimate spirit of his institution; he enriches the traditions and ennobles the spirit of that institution.

The executive vice president of a western trust company that has made a phenomenal success says of the qualifications of the trust men his company seeks: "We aim to get a certain amount of theoretical knowledge, but primarily we desire to have men who are thoroughly imbued with the spirit of our institution. When I say this, I am saying a good deal in a few words. The spirit of the institution, as we have tried to have it recognized by the public, involves absolute fairness at all times and possibly sometimes more than fairness. It involves a spirit of helpfulness even where the particular transaction may not be directly profitable in terms of dollars and cents. It involves the willingness to go to a good deal of trouble for the sake of handling business in a satisfactory way. It means that we try to be reasonable with unreasonable people, and it means that, whatever the cost, the company does not turn out an unworkmanlike job." Well said, and by his words this trust man unconsciously reveals the secret of the success of his institution.

The best summary of the personal and social and — shall we say — spiritual qualifications of a trust man that we have seen is by A.C. Robinson, president of the Peoples-Pittsburgh Trust company of Pittsburgh, which we quote by special permission:

"He should be a man of good family, of good education (preferably a college graduate) and should have the essential instincts which permit him to mix and mingle easily with people of all ranks and means and command their respect. It is also to his advantage to possess the ability of making interesting and valuable public addresses.

"He should possess a temperament which will at all times rise above all influence of petty worries. The very nature of his position subjects him to all sorts of demands seeking immediate fulfillment, and he is seldom free from their pressure, which might easily wear him down, so that to that extent he must be something of a Stoic.

"He must look first to service, and, if he does, profit to his company will follow."

"He should possess unusual character, that persons with whom he must deal may have faith in him and in his company. At the outset they are so apt to be fearful and suspicious of their future, and in many cases are having a new experience under the shadows of sorrow and pain following the death of a loved one. On the other hand, some are imbued with the sublime confidence that the trust company can accomplish the miraculous, not to speak of the impossible. Many are greedy and avaricious, and others are self-sacrificing and need protection by the trust man. Some are domineering and headstrong and, if not checked at the outset, may lead the whole family into bad relations with the trust company; therefore, the trust man needs among other characteristics tact coupled with sympathy. Lacking these qualities, the trust man is bound to get a bad start with any family over whose affairs he is compelled to exercise authority — an authority which is sometimes resented.

"He must be interested in human nature. If he is not, he will fail. This interest must be genuine and not feigned. He must be able to establish a very human contact with almost every one, and this immediately. He must understand the viewpoint of the autocratic and the purse-proud person, and

not allow disgust to overcome his better judgment. He must not allow wealth, social position, influence, or power to warp his fundamental instinct to uphold service to rich and poor, high and low as the pinnacle of his art. He must look first to service, and, if he does, profit to his company will follow.

"He must have a real religion and a faith in an overruling and all-wise Divine Providence. Without it he will be apt to lose faith in mankind and in the wisdom of God. He sees so much of the woes and sorrows of others and the follies, pettiness, and vindictiveness of humanity that his faith is the only thing which would make his office a joyous one and enable him to achieve real success.

"If he has these characteristics he will find a real pleasure in his work and great compensation in the human virtues and graces which will be revealed in him, and which will outweigh in number and quality the more unpleasant characteristics in mankind."

Are these qualifications too exacting for practical men in a workaday world? Is it too much for men to demand of the trust companies to which they are entrusting their estates and the welfare of their families that they have for trust men only those mentally equipped with knowledge of law, with comprehension of accounting, with understanding of investments, with experience in business management; socially endowed with sympathy, patience, and ability to keep confidences; and personally committed to irreproachable habits of life and unquestionable business practices?

According to the conception of trust service of Francis Henry Fries* — the trust man whose life story follows — nothing short of the best in every way can be expected of trust men who have in their keeping so much of the material wealth of our nation and so much of the human welfare of our people.

Editor's Note: Pronounced "frees."

"According to the conception of trust service of Francis Henry Fries . . . nothing short of the best in every way can be expected of trust men who have in their keeping so much of the material wealth of our nation and so much of the human welfare of our people."

Chapter III
Response of Francis Henry Fries

In the course of development of any human enterprise there gradually emerge personalities that incarnate what is best in the enterprise. In the field of government, for instance, one can hardly think of American independence without thinking of Washington, of the formation of our government without thinking of Jefferson, of early American diplomacy without thinking of Franklin, of the democratization of our government without thinking of Jackson, of emancipation without thinking of Lincoln, of world peace without thinking of Wilson.

In the field of business one does not often think of electricity without thinking of Edison, of automobiles without thinking of Ford, of fuel and motor oils without thinking of Rockefeller, of finance without thinking of Morgan, of railroads without thinking of Hill or Harriman.

In the field of trust business there is no trust man of whom every one in the nation thinks when the subject is mentioned. There is no national trust man. There never can be. Trust service is largely local. While there are trust companies engaged in interstate and even foreign banking, they are largely limited in their trust business to the state in which they are located. Their trust business cannot reach far beyond the radius of the personal influence of their trust men.

Though there is no national trust man and though it is not likely that any one will ever make himself nationally known as a trust man outside of trust company circles, there are men who embody the best that has yet been developed in trust company service. There are men of whom others think, of whom they speak, and to whom they point as examples whenever the best in trust company service is the topic of conversation.

Biography is today the most popular form of literature. Men who would teach history are portraying the life stories of the men and women who have made history. Will Durant spoke of his *Story of Philosophy* as "an attempt to humanize knowledge by centering the story of speculative thought around certain dominant personalities." This book is an attempt to humanize knowledge by centering the story of trust service around one dominant personality.

One who would study trust service at its best would do well to study the lives of the best trust men. A young man who is considering trust service as a career will do well to study the characters of the best men that trust companies have won to their service, of the best men that have found their happiness in trust service. The true story of trust service is to be found partly in the services that trust companies render to their customers but more fully in the type of men that trust companies attract to their employment.

"The true story of trust service is to be found partly in the services that trust companies render to their customers but more fully in the type of men that trust companies attract to their employment."

Now — at the end of the first century of trust company service historically considered and at the end of the first generation of trust company service as an impressive enterprise of national scope — now is about as early as one would expect to find men whose lives have been true to the highest ideals and noblest aspirations in that field. Just as it takes a century sometimes to give practical application to a discovery and another generation after that to develop a character devoted to the application of that idea, so it took the trust company idea quite seventy-five years to complete its period of incubation and twenty-five years more to become incarnate in the lives of trust men.

Of all the trust men of the United States who embody the spirit of trust company service, I have chosen for portrayal Francis Henry Fries of Winston-Salem, North Carolina. He is the subject of this study, not because he alone or even he most truly incarnates the trust spirit. He is but one of many; but he is one. Every one community — such as Boston or New York or Philadelphia — has its outstanding trust men — products of the last years of the nineteenth and first years of the twentieth century.

But nobody, so far as I know, has yet seen fit to depict or symbolize the growth of trust company service in the life story of a trust man. If the life story of this trust man should stimulate similar studies of trust men elsewhere, it would be the beginning of a biographical literature of trust service that would be welcome indeed to those who prefer flesh and blood to bare facts and figures.

"Of all the trust men of the United States who embody the spirit of trust company service, I have chosen for portrayal Francis Henry Fries of Winston-Salem, North Carolina."

The industrial development of the last years of the nineteenth century created a demand for trust company service which was met by a phenomenal increase in the number and resources of trust companies. The trust companies, as I have said in a previous chapter, created a demand for trust men possessing a certain group of qualifications. Francis H. Fries at the age of thirty-eight responded to this call for trust companies by organizing a trust company of which he has been the head ever since; he responded to the call for trust men by becoming a trust man. Certain influences, some of them of his own making and some beyond his control, made him enter the trust field in the first place, and, after he entered, made him succeed in it. His life — his childhood, his education, his travels, his business experiences — constitute one set of influences; his ancestry — his family history and ideals — another; his religious background — stretching back into the Middle Ages — still another. This combination of influences — environment and heredity, education and experience, religious faith and self-reliance — has made him the trust man that he is, has given him certain business and social standards,

has opened the vision of service through a particular trust company and through trust companies in general.

His Boyhood

Francis Henry Fries was born in the old town of Salem, North Carolina, on the first day of February, 1855. Alluring though it would be to stop here and tell of his early home influence, I must postpone that to a later chapter. This one deals wholly with his life — what he did, where he went, what manner of boy and man he was and is.

Only a few of the friends of his childhood survive him, and their recollections of him are more impressions than specific incidents.

One of his few remaining playmates says of him, "From the time he was a boy he had the highest ideals of fine, clear, strong boyhood and manhood." His only surviving teacher remembers him as "one of the cleanest and nicest of the little boys. I have one pleasant recollection of him as a boy," she says, "when his mother and mine took a few young folks on a little mountain excursion. I thought he was a delightful boy, most boys of his age not being so agreeable. We found something of mutual interest to talk about all the time, and he had then and I think has always had a *wonderful and tactful way of getting people to think as he thought when he believed he was right.*"

I have four pictures of Francis H. Fries as a boy besides one of him as a baby. All of them portray him as a strikingly good-looking boy — a beautiful head of hair carefully combed, broad forehead, determined mouth, set chin, dignified posture, steady and kindly eyes, well formed hands with long, tapering fingers.

His Youth

In the natural course of events Francis H. Fries would have gone to the University of North Carolina, as his oldest brother, John, had done. But at the time Francis was ready to enter college the University was closed on account of the troubles of Reconstruction days, and he turned to Davidson College, near Charlotte, North Carolina, the Presbyterian college in which Woodrow Wilson was a student for a season. Entering Davidson in the fall of 1871 and graduating in 1874 with the degree of Bachelor of Science, Francis Fries had what might be described nowadays as a brilliant college record; that is to say, he achieved the most coveted college honors — not athletic honors, for athletics were not then the predominating influence in college life they are now — but honors in scholarship, in literary society, in social life. He was president of his literary society, one of the class orators, and chief marshal at commencement.

While those who knew him and played with him and went to school with him as a boy in Salem during the Civil War period are few and their recollections rather indistinct, those who were in college and literary society with him and who knew him as a college student are more numerous, and their

recollections more distinct. There would be no point in tracing his college life in detail — the courses of study he took, the grades he made. There is much more significance in the impression he made upon his fellow students at Davidson. We shall find in the youth many of the qualifications that have distinguished him as a trust man.

In his address to the Philanthropic Society at Davidson in 1897, just twenty-three years after his graduation, Colonel Fries* thus described himself as a college boy: ". . . a timid youth, the youngest of the class, who made no pretensions to oratory, but who, like many others today no doubt, simply performed his society duties to save his credit and his fine, and who meekly listened to the eloquence of those who had marked out for themselves lofty positions in the ministry or at the bar."

Let me give some of the impressions that Frank Fries, the youth, made upon his schoolmates and classmates at Davidson, which will emphasize traits and characteristics that have since manifested themselves in his career as a trust man.

"I first met Frank H. Fries in September, 1871, when he and I matriculated at Davidson College, Frank applying for the degree of Bachelor of Science and I for that of Bachelor of Arts. My father, in *ante-bellum* days, was a director of the North Carolina Railroad, as was Mr. Francis Fries, his father, and their resulting friendship naturally made me feel an interest in Frank. Our family spent the summer at Salem in *ante-bellum* days, where we first met the Fries family. Frank and I were in a number of the same classes at college, but Greek and Latin Frank did not take, as I now recall. He was a good student. His characteristics were integrity, morality, and affability. I never heard him express a word of offense against any of his college mates. He took interest in college sports. He always wore very nice clothes, but they were made at home out of cloth woven at his father's woolen mills in Salem. We were members of the same Philanthropic Society. I assisted in making him president, and he assisted in making me commencement orator. He attended prayer meetings and services regularly, as we all did, and when we graduated in 1874, Francis H. Fries signed my society diploma, which diploma I still preserve. He was always punctual in his classes and applied himself seriously to his college studies. No student was more highly respected. He was temperate, prudent, honest, and industrious, and you could always rely implicitly on what he said. He displayed in all his intercourse with his associates and with the faculty a pleasant and urbane manner. It is said that the boy is the father of the man, and surely every element in his life of today was displayed in a lesser degree in his college life."

* * *

"It was my pleasure to know personally Colonel F. H. Fries at college

**Editor's Note: Francis Fries never served in the military; the title "colonel" was an honorary one, given to him in the late 1880s when he served on the staff of North Carolina Governor Alfred M. Scales.*

and as a man at Winston-Salem, North Carolina. He had noble antecedents and an attractive personality and was endowed by nature and grace with many of those gifts that constitute true manhood. He was never very demonstrative; but, like George Washington who once visited Salem, he was friendly, but maintained a dignified reserve in his associations with his fellow men. The boy is the father of man, and at Davidson he possessed and developed many of those talents that found opportunities for large service in the state, the church, in business, and as a manufacturer and banker. He combined strength and beauty in his character. His type was Moravian: simple, transparent, trustworthy. The ideals in the business world would be elevated if there were more men like Colonel Francis Henry Fries."

" It was my pleasure to know personally Colonel F. H. Fries at college and as a man at Winston-Salem, North Carolina. . . . He combined strength and beauty in his character. His type was Moravian: simple, transparent, trustworthy."

* * *

"First, he was a student whom I and others admired and honored. He was above the average in his devotion to his studies. Second, his carriage and face told of his nobility of character; and we all felt he was a young man of true character and instincts. Third, he was a levelheaded peace-maker, not of the moody kind, but of a dignified, convincing kind, by his attitude and example and few words. A cause of division among the students arose and threatened serious results and many were intensely partisan and inclined toward extreme measures. He was calm and unperturbed and took a sensible view of the matter and by his manner and a few words helped to allay the trouble; largely because of his quiet self-possessed stand the matter blew over and was settled."

* * *

This incident of peace-making is one of the traditions of that generation of Davidson men. "Uniform courtesy to every one was the rule of his life throughout his college days. He was not obtrusive in his friendships and never appeared to harbor even just resentment. He was honored by his literary society as no other man had been by being twice elected presiding officer, and I never heard an unfavorable comment on his action in the chair. Once indeed I still vividly remember his wonderful management of a most recalcitrant member. One thing stands out prominently among my remembrances of Frank Fries. I never heard him make a remark that could be construed as salacious. And so respected was he that seldom would any one care to indulge in impure conversation in his presence. He was, as my collegemate, a man, always a man, and a gentleman. This is true. What better can be said?"

* * *

"A singular illustration of the make-up of the young man took place in the early part of the senior year. He had been elected by his literary society, the Philanthropic, 'Commencement President.' This was about the highest honor that the Society had to give. He was elected at the close of the Junior year, and he was a president at the ensuing commencement, when he would be, of course, a senior. At the beginning of the next session he would preside over the Society for the first quarter of the college year. During this term Fries as President had cause to impose a fine or give some other rebuke to a very

obstreperous member. The offended man — for he was a grown man — was very furious and made very hostile demonstration, including loud threats, and the display of a gun. Some of us were genuinely concerned about our President. Fries and I talked earnestly over the matter. I said to him: 'Frank, you go to Colonel Martin [our bursar] and ask him to let you have one of those pistols turned in to him by the boys who brought them to college, and then if that fellow makes any demonstrations toward you, shoot him like a dog.' He responded very quietly: 'Well, I think I would really feel more unsafe with a pistol on me than without one. For up to this time I have always depended on my character for my protection.' I do not think I have ever been very proud of my counsel, and I am sure I gained a new view of courage and of self-defense."

* * *

"As a young man he made his impress upon his associates and all with whom he came in contact. He was a good student, applied himself diligently, had a good mind, and won the respect of all his teachers and the friendship and admiration of his schoolmates. He was kind, courteous, polite, agreeable, and popular. Always candid, truthful, and honest, he made and held friends. He graduated with honor in June1874, and left a fine record behind him. There is one outstanding fact that is especially pleasing to me that I will give you. As usual in most colleges, if not all, there are and were two literary societies at Davidson, one called the Phi (Philanthropic), to which most of the North Carolina boys belonged, and the other called the Eu (Eumenean), which was comprised mostly of boys from other states. Thomas Woodrow Wilson, afterwards President Woodrow Wilson, whose father at the time lived in Columbia, South Carolina, entered Davidson in September, 1873, and left in June, 1875, and was a member of the Eu Society. The Phi Society granted diplomas just as the college did. These were signed by the President and the Secretary of the Society. The year was divided into four presidential terms, I think; but the one that was of most honor and most desired was the one that included commencement. To this office Colonel Fries was elected, and he presided during commencement week, June 1874. Well do I remember with what grace and dignity Francis Henry Fries as President presided. This was fitting training for his more exalted and honored position as President of the Wachovia Bank and Trust Company."

"He was remarkably courteous to all of the members of the society, irrespective of the class, treating all with absolute justice and fairness."

* * *

"In the first place," says another of his schoolmates, "I realized that he was a man of thoroughness, of marked courtesy to all persons with whom he came in contact, and of great firmness. Frank Fries and I were members of the Philanthropic Literary Society, and the year I entered college he was president of the society, a very distinguished honor, one much sought after. In presiding over meetings of the society, he showed an unusual familiarity with the constitution and by-laws of the society and with parliamentary law; and whenever a discussion in the society arose, his decision was accepted without appeal. He was remarkably courteous to all of the members of the society, irrespective of the class, treating all with absolute justice and fairness.

He was Gibraltic in his decisions: when he decided a matter he never changed. In the second place, I was impressed with his remarkable neatness. He occupied a room in a row of rooms known as Elm Row, and his room was always perfect in neatness, and in order would have challenged the admiration of a connoisseur. When you entered you would always wipe your feet on a large mat in front. While this is true, he was exceedingly affable and pleasant while you were there, would go with you to the door and give you a warm handshake and cordial invitation to come back — no stiffness or formality whatever. Then, I was still more impressed with his neatness in dress. It was a matter of comment by the students generally. His clothes were not at all gorgeous or handsome, but were always made of goods manufactured at the F. and H. Fries Mills in Old Salem. I never saw him wearing clothes made from any other material. Another impression was that he was the very soul of honor, so recognized on the campus. Whenever any statement was made about anything of importance, if it was a statement from Frank Fries, it was accepted as true without question. He was a very strong moral force on the campus."

* * *

"I can see him now, walking across the campus with that sure, unhurried, steady pace from which a child might have understood that Frank had business in hand. He was a young man of fine mind and sterling integrity; and, so far as I know or believe, he had no bad habits. He was fortunate in having decided in early manhood what his lifework was to be, and he came to Davidson, not for fun or frolic, but to prepare himself to do that work well. He attended strictly to his own business, having no time or disposition to meddle into other people's affairs. Quiet and unassuming, modest as a girl in the '70s; and although his bank account, I ween, was a comparative beauty, he made no unseemly display of his wealth. Of all the boys I knew at Davidson I would have chosen Frank Fries as the one most likely to succeed in life. By success I mean the doing of the work he had planned to do. In a word, he seemed to me to be possessed, above his fellows, of all those characteristics necessary to insure an honorable and useful career in life. And knowing the wonderful changes that have come about in the economic, industrial, and business world during the last fifty years, I am persuaded that he has succeeded beyond his most sanguine anticipation."

"Of all the boys I knew at Davidson, I would have chosen Frank Fries as the one most likely to succeed in life."

So the tributes might be continued until every one of his schoolmates at Davidson now living had paid his respect to Colonel Fries. But any one who thinks that these tributes of his schoolmates have been quoted here at length merely for the sake of eulogy, misses the point altogether. These men after the lapse of more than fifty years have undertaken to give an analysis of his character. Though details may be lacking, every one of them has a distinct impression of Frank Fries at Davidson and there is a striking similarity in the pen picture they draw.

I have before me a picture of Colonel Fries made in 1873, his junior year at Davidson. It is true to the impression of him given by these school-

mates. One sees him in the picture as they describe him — a strikingly handsome young man, dressed in the best of taste, urbane in manner, courteous, kindly, considerate, serious-minded, purposeful, physically attractive, morally clean, high minded, democratic but not demonstrative, with a deep religious faith that expressed itself in conduct more than in profession — a young man whom everybody respected and trusted implicitly, who was friendly with everybody but who admitted few to the inner circle of his soul, one who maintained a reserve that forbade effusions either by himself toward others or by others toward him. In a word, in 1874, at the age of nineteen, he was such a youth as one would now pick for a trust man.

BUSINESS CAREER

The business career of Colonel Fries has lain in three fields of activity — one inherited, one thrust upon him, and the third his own free choice.

From his family he inherited his connection with the cotton and woolen mill business. His community drafted him to build the railroad between Winston-Salem, North Carolina, and Roanoke, Virginia. He organized a trust company and became a trust man of his free will and accord.

MANUFACTURER, 1874-1887

Colonel Fries inherited his interest and, in a way, he also inherited his connection with the business of manufacturing cotton and woolen goods.

His father, Francis Fries, of whom more will be told in a later chapter, had abandoned the practice of law to become treasurer of the first cotton mill built in Salem, in 1837, and had made a success of it from the beginning. In 1839 the father began the Salem Woolen Mills on his own account. In 1846 he had taken his brother Henry into partnership with him in the woolen mill business and thereafter for years the woolen mills of F. and H. Fries were widely and favorably known. During the Civil War these mills were running day and night to weave the famous gray cloth used in the Confederate Army (Clewell's *History of Wachovia*, p. 254).

Colonel Fries says of himself that he was brought up in the cotton and woolen manufacturing business. And the records show that he was employed by the F. and H. Fries Mills in 1870 before he entered Davidson College, that he returned to the cotton mills after he graduated from Davidson in 1874, that he was taken into the firm of F. and H. Fries in 1876, when he was only twenty-one years of age, and that he was, in addition, superintendent of the Arista Mills, also in Salem, from 1881 till 1887. As an executive in the mill business he has at one time or another been President of the Avalon Mills, of the Mayo Mills, of the Washington Mills, of the Indera Mills. The town of Fries, Virginia, at which are located the Washington Mills, was named for Colonel Fries in 1902.

No attempt need be made to discuss Colonel Fries as a manufacturer. We are not interested in him in that capacity save in so far as it bears upon his training to be a trust man. But we have this interesting remembrance of one

of his associates. "I was told that his distinguished uncle, the late Mr. Henry, then the active head of F. and H. Fries, manufacturers of the celebrated Salem jeans and other fabrics of Salem, accepted service of his nephew, after he had graduated from Davidson College, starting him in the blacksmith shop and machine shop, where it is said he acquitted himself with credit and established there a strong body and developed through his associations with the honest common artisans a democratic spirit upon which he has builded genuine manhood of health and character, combining gentleness and forbearance, Christian fortitude and manly courage, the highest type of American citizen, loved by his friends and admired by all who knew him."

The earlier chapters of the *Memorabilia of Fifty Years*, 1877-1927, by Bishop Edward Rondthaler of the Southern Province of the Moravian Church, recently published, abound in references to the progress of the mills in and around Salem, in which Colonel Fries was interested, as evidence of the industrial development of the community, and record that the Salem Woolen Mills and the Arista Cotton Mills in 1881 were the only manufactories in the South lighted with electricity.

RAILROAD BUILDER, 1887-92

In 1887, at the age of thirty-two, Colonel Fries began the second of his three business careers — in the point of time, the shortest, but in point of training to be a trust man no less important than his previous years as a manufacturer.

Forty-two years ago, Winston and Salem were two little towns largely isolated from the outside world — with one branch railroad from Greensboro. Some of the more progressive citizens conceived the idea of building a railroad to Roanoke, Virginia, a distance of 122 miles. In February, 1887, a company was chartered to build the portion for the road that was in North Carolina, with Colonel Fries as President and Messrs. R.J. Reynolds, F. J. Stone, C. B. Watson, George W. Hinshaw, and C. H. Fogle as directors.

In June the lines through Virginia and North Carolina were consolidated as the Roanoke and Southern Railway Company. The portion of the line between Winston-Salem and Martinsville, Virginia, was known as Division A, and of this Colonel Fries was Chairman of the Executive Committee. Colonel Fries resigned as President of the road in June, 1888, and the following February was appointed General Manager. In 1891 he succeeded Mr. Henry S. Trout as President. In March, 1892, the line was leased to the Norfolk and Western Railway and subsequently it was sold to that road. The road was begun in 1887 and was opened all the way between Winston and Roanoke in January, 1892.

These bare facts about the building of the road are not significant. We are not interested in the road; we are interested in the road builder and in his road building only in so far as it was a stepping-stone to his final career.

One of the men associated with Colonel Fries in the building of the Roanoke and Southern says, "When looking back now on the accomplish

ments of Colonel Fries and those who helped put the Roanoke and Southern Railroad over I often wonder how we managed it. The task of building the road was beset with hazards and obstacles of every kind. High water and scarcity of finances played their part, and it was only through the perseverance and dynamic energy of Colonel Fries that success was made possible. He traveled the road day and night, and rain, cold, or sleet did not seem to deter him in his objective. I found him the most pleasant man of my acquaintance to deal with because he was all business. He was the kind of a man who worked when he worked and played when he played, though I never recall seeing or hearing of his playing. He was always pleasant in his demeanor, and I think that accounted principally for the ease with which he seemed to handle men. Colonel Fries was a man of vision, as his success has proved. He seemed even then to see the Winston-Salem Division of the railroad of today, and the good it would do for civilization, as he worked at all times with enthusiasm and confidence that was undefeatable. There were but few men who could have given the time, hard work, and money that he did to the establishment of the Roanoke and Southern Railroad without expectation of financial profit. Five or six years building a railroad and assisting in the financing of it is enough to test the character of any man, and the longer Colonel Fries stayed on the job the higher he grew in the esteem of his associates. People of Roanoke who knew him learned to love him and admire him. I know of no man in whom I could place more confidence, and with whom I enjoyed working more than with Colonel Fries."

". . . the longer Colonel Fries stayed on the job the higher he grew in the esteem of his associates."

One of his locomotive engineers says of him in those days: "I ran a locomotive for him when he was building the Roanoke and Southern Railway, and he was in every way a wide-awake and efficient business man. He was also a Christian and a gentleman. I do not believe that another man could have built the road with the number of miles so genuinely with the equipment that Colonel Fries had. We did not have modern improvements as we do today, but used mules and carts, wheelbarrows, scrapers, and hand shovels. Everything that Colonel Fries took hold of seemed to be a success. The building of the Roanoke and Southern started Winston to growing. She was at a standstill and only a town on the branch of the Richmond and Danville from Greensboro to Winston. But as Colonel Fries had his trains rolling on the Roanoke and Southern, Winston with the new northern outlet immediately started to grow."

"Financing the construction of the road brought him in contact with banks and trust companies . . . ."

Building the 122 miles of railroad between Winston-Salem and Roanoke meant more to Colonel Fries than furnishing him five years of challenging work for the public good. In his case the road itself was more than a link in a transportation line from the North and West to the South; it was a connecting link between his career as a manufacturer and as a trust man. Financing the construction of the road brought him in touch with banks and trust companies as manufacturing cotton and woolen goods could never have done.

Speaking of the contacts he had while building the road, Colonel Fries said: "We had a capital stock in that railroad of $41,000 and it cost us $2,081,000 before we got through with it. That experience brought me in close connection with the Mercantile Trust and Deposit Company of Baltimore, and there I learned something of what was being done with a trust company. North Carolina had no trust companies, did not know what they were, and, therefore, the people were not in a position to appreciate them."

We come now to the appearance of Francis H. Fries on the stage of life as a trust man. When the curtain rang up on him in 1893, at the age of thirty-eight, he had already accumulated a wealth of education and experience — three years in college, thirteen years as a manufacturer, five years as a railroad builder. He was ready now to enter the career of trust man — by which he will be longest and best known.

Chapter IV
His Career As A Trust Man

This chapter deals solely with the facts of Colonel Fries's career as a trust man — with the positions he has held, with the things he has done in the trust field, with the esteem in which he is held by other trust men. It but furnishes the framework around which the later chapters will be constructed.

Colonel Fries finished his career as a railroad builder in 1892. The Roanoke and Southern had been finished in December, 1891, and soon thereafter had been leased to the Norfolk and Western. He returned to Salem, a man who had worked himself out of a job at the age of thirty-seven, casting around for a new career — this one to be of his own choosing and to be the one in which he was to make his greatest contribution to his generation.

In February, 1891, a group of Winston-Salem citizens, including Colonel Fries's uncle Henry and brother John, had obtained from the General Assembly of North Carolina a charter for the Wachovia Loan and Trust Company. For more than a year the charter remained unused. Meanwhile, Colonel Fries had finished the Roanoke and Southern Railway. When he returned to Winston-Salem in 1892 either to continue in the mill business or to develop a new enterprise, he and his brother John agreed that the latter should continue in the mills and the former should organize a company under the legislative charter of 1891.*

The story of the growth of the Wachovia Bank and Trust Company as the monument to Colonel Fries as a trust man is told elsewhere. We are interested now only in Colonel Fries himself.

Local Banker

The first ten years of his career as president of a trust company he was a local banker. These were inconspicuous years of foundation-laying. Trust

**Editor's Note: Wachovia Loan and Trust Company opened for business June 15, 1893, with a staff of two: Fries was president; his nephew, Henry Fries Shaffner, was secretary and treasurer.*

business was still practically unknown. Colonel Fries was recognized as a banker, not as a trust man, for at that time the public did not know what a trust man was. Colonel Fries, moreover, thought of himself more as a banker than as a trust man. It is true that in the very beginning he had taken unto himself the trust business of his company and had delegated the administrative and banking duties to his nephew and associate, Henry F. Shaffner. But when he spoke in public it was on banking subjects, for the simple reason that people did not then know enough about trust subjects to be interested in them.

STATE BANKER

In 1904 Colonel Fries was elected President of the North Carolina Bankers Association, and his President's address at the annual meeting in Winston-Salem in 1905 expresses some of his ideals as a banker. From this address I quote: "It is not always a question: Will it pay the bank? It is true the banker must look upon each question presented from the standpoint of the institution and stockholders he represents, but he must also consider and in some cases first consider the question: Is it right, right in fact, right in principle, right scientifically, is it backed by men that will work it out, and will it pay the bank? The local banker is often sorely tried by his friends and neighbors who ask the financial aid and support of the bank for a business that is not right, with the promise and prospect of great profits. These are the most difficult questions for the banker to decide, for he wants to see his business grow, his community prosper, his neighbors and friends make money, and his institution profit by it.

"The rule of right is the only one to apply safely. Is it right in fact, as distinguished from wrong? For no bank can afford to back a venture that is known to be wrong in practice. Is it right in principle? For no bank can knowingly aid a scheme or venture that is designed to work injury to others. Is it right scientifically — i.e., will it work successfully and in harmony with the established rules of science and trade? And lastly, when everything else seems all right, are the men back of it right — right in character and ability so that it will succeed? This is not a theoretical solution; it is the rule for every banker to apply to the many applications that are constantly made and that may be classed as domestic, industrial loans, that are pressed more or less vigorously upon every bank officer.

"Fellow members," he concluded, "we are the confidential advisers and material helpers of our enthusiastic and self-confident citizenship that with steady steps and intelligent effort is forging to the front."

There is no point in quoting tributes to Colonel Fries by his friends in the banking fraternity in North Carolina, except as they offer sidelights of his character that may help us later in estimating him as a trust man. A few such tributes must suffice, and each of them selects some quality of his character.

"I have always been impressed with the attitude of Colonel Fries toward problems which came up for discussion. His seriousness and his efforts to acquaint himself with details important for the solution of the

problems in hand impressed me to such a degree that I profited by them and have sought in my limited field to apply some of his methods. While I may be mistaken, I have concluded long since that he regards life as a serious matter, and his responsibilities as part and parcel of his very existence."

"He has been so consistently clean and fine in every way that anything out of the ordinary would be some dereliction on his part. I have admired and been devoted to men who were an admixture of good and bad, whose faults were overlooked because of the predominance of good qualities, but I know of no one as faultless as the Colonel — always thoughtful and considerate, absolutely reliable, polite, and gracious. He always impressed me as a man who took the greatest pleasure in doing a favor for a friend."

"I made the acquaintance of Colonel F. H. Fries in 1905. He was President of the North Carolina Bankers Association, and I was a member of the Executive Committee. At once I was impressed with the personality and character of Colonel Fries, which was of the quality that appealed to the finest instinct of those with whom he came in contact, and which was an inspiration to me."

When Colonel Fries was elected President of the North Carolina Bankers Association, the *News and Observer* commented editorially: "Mr. Frank H. Fries, of Winston-Salem, the new president, is easily one of the ablest and most successful financiers in the State and is at the head of the Wachovia Loan and Trust Company, of Winston-Salem, which has a branch or operates banking and trust companies at Asheville, Salisbury, Spencer, and High Point.

"He belongs to a family that has long been noted for business sagacity, thrift, and sound judgment. With breadth of vision and faith in his own State, Colonel Fries has been a leading spirit in railroad . . . construction, the development of water powers and manufacturing, in addition to his large banking interests. In the best sense of a term that has been much abused Colonel Fries is a captain of industry. He is one of the most progressive men in the State, is conservative and prudent as the old-time Moravian, with the modern spirit of enterprise that characterizes the men who have built up Winston-Salem."

"Colonel Fries is one of the most progressive men in the State, is conservative and prudent as the old-time Moravian, with the modern spirit of enterprise that characterizes the men who have built up Winston-Salem."

HIS EMERGENCE AS A TRUST MAN

The emergence of Colonel Fries as a trust man of national prominence came in September, 1904, when he delivered to the Trust Company Section of the American Bankers Association in session in New York City an address on Conservatism that, judged both by the comments in the press at the time and by the references to it in trust literature down to this day twenty-five years later, must have made a profound impression upon the audience and must have had a definite effect upon trust company development in this country.

In a later chapter we shall discuss the address; here we are interested only in the trust man who brought himself into national prominence through one address. The metropolitan press commented editorially on the address

and years afterward *Trust Companies* referred to the address, saying, fourteen years after the address was delivered, that it "will always remain as one of the classics of trust company literature" (May, 1918, p. 450).

HEAD OF TRUST COMPANY SECTION

Just about this time — perhaps not because of his address, for the address, itself, may have been but an evidence of the fact that he was coming to man's full stature in the trust field — Colonel Fries began to receive recognition as a trust man. At the same meeting of the Trust Company Section — that of September, 1904 — he was elected a member of the Executive Committee of the Section. Earlier that year, as already stated, he had been elected President of the North Carolina Bankers Association. In due time he became Chairman of the Executive Committee, Vice President, and in 1912 President of the Trust Company Section of the American Bankers Association. At the end of his term of service as President the Section presented to him a loving cup. The presentation was made by Judge F. H. Goff, President of the Cleveland Trust Company, whose friendship Colonel Fries cherished highly.

Judge Goff said: "Fourteen years you have served this Section with distinguished fidelity and zeal. The records of the proceedings of our Association will disclose that you have ever stood for the highest ideals, for the best standards, standards that make for trustworthiness in the administration of trust assets in the highest sense of the word. High honors have been conferred upon you — the highest in the gift of this Section. They have come to you not by self-seeking, but as a recognition of your faithful service. A very agreeable duty has been commissioned to me, to present to you in behalf of the members of the Section a slight token of their appreciation of your services, which it is the trust and wish of us all may be cherished by you down to the sunset days of life as a remembrance of our affectionate regard."

The past twenty-five years at least Colonel Fries has been one "of the distinguished and most highly respected leaders of the American Trust Company fraternity" (*Trust Companies,* August, 1928, p. 223). Whether in office or out of office, whether chairman of an important committee or only a member, he has been actively concerned in the proper development of the trust company idea in this country.

It is not amiss, therefore, to quote some of the estimates of him in the national trust field as I have already quoted estimates of him in other activities.

Breckenridge Jones, Chairman of the Board of the Mississippi Valley Trust Company of St. Louis and father of the Trust Company Division of the American Bankers Association, shortly before his last illness which resulted in his death, wrote: "I first met Colonel Fries some twenty-five years ago in connection with the Trust Company Section of the American Bankers Association and felt honored in claiming him as a friend through all those years. During all that time he has been recognized as the highest type of

southern gentleman, always standing for the most elevated standard of ethics in trust company practice. In every trust company gathering he was a recognized authority on trust company work. I never knew him to provoke an antagonism; on the contrary, wherever he spoke he drew the audience to him in a spirit of friendly cooperation."

Says another who was President of the Trust Company Section, 1909-10: "It seems to me that the outstanding feature of my dear friend's contribution to the corporate trust business is his constant, effective and unending activity to have the trust companies and those operating them always conduct their business in a manner that will create and increase the public's confidence in and their patronage of them. Not so much from a profit-making standpoint as from the standpoint of making them an active element in promoting the prosperity of our country, and of increasing the confidence of all our citizens and foreigners in it . . . . I am sure Mr. Fries's association with trust company work has improved its methods of doing business and benefited those who are so fortunate as to be associated with him. Personally, I feel that my acquaintance and association with him make one of the brightest spots in my life. To acquire some idea of the esteem in which Mr. Fries is held by the trust companies of this country and what he has done to benefit trust companies, it is only necessary to peruse the proceedings of the Trust Company Section of the American Bankers Association, which show that he has always been looked upon as a source of wise and wholesome advice and suggestion."

And another, who was President of the Trust Company Section, 1916-17, says: "The lasting impression which Colonel Fries has made upon my mind, after a rather intimate personal connection with him for twenty-five years, is that of a gentle, kindly manner, representing, however, a firm will and independent thought and action. I never have met a more courtly gentleman than is the Colonel. I never saw him angry or even excited, but I early learned to respect and admire him, and his influence among his fellow committeemen and among the rank and file of the members of the Association was of the highest possible character. He is a gentleman of the old school, and one about whom I have never heard an unkind word or expression. Neither have I ever heard him utter an unkind word about his associates."

One of the younger men who have come to the presidency of the Division during the later years pays this tribute to Colonel Fries: "I love and greatly admire Colonel Fries. In the many years I have known him I have found him to be wise in counsel, broad in his concept of duty, and keen of vision. He has always been a tower of strength in the Trust Company Division of the American Bankers Association. In the days of the controversy between state chartered institutions and those organized under federal law following the passage of the Federal Reserve Act, Colonel Fries, though consistently a friend of trust companies, seemed to vision the future of the trust business of the national banks and always endeavored to bring the two classes of institutions into harmonious relationship. During the days of serious worry

"The Trust Company Division has been made incalculably better through his efforts, and if I should be asked to name one man who typifies in every way all that is understood when one says 'a southern gentleman,' I would not hesitate to name Colonel Fries."

when our country was engaged in war his counsel was much sought and wisely given. The Trust Company Division has been made incalculably better through his efforts, and if I should be asked to name one man who typifies in every way all that is understood when one says 'a southern gentleman,' I would not hesitate to name Colonel Fries."

And still another President of the Trust Company Division says: "It has been my privilege to associate with Colonel Fries in the work of the Trust Company Division of the American Bankers Association during the past ten years. His intelligent interest in all the activities of the Division and his cordial cooperation with those of us who were seeking to accomplish something for the advancement of the interest of the trust companies of the country won the confidence, respect, and affection of all with whom he was associated. Colonel Fries was always dependable and useful in the solution of the problems which came before our Executive Committee. He rendered notable service in tax matters through his contacts in Washington, and his courtesy and kindly attitude poured oil upon troubled waters on various occasions. . . . I shall look back upon my pleasant acquaintance with Colonel Fries as one of the valuable compensations which attend public work of this sort."

Leroy A. Mershon, who was Secretary of the Trust Company Division, 1917-28, says of Colonel Fries: "He has been and is to my mind the most outstanding exponent of everything that is safe and sound in trust company work. His viewpoint is that which I hope to see entertained by trust company men everywhere within the near future. You know as well as I do that many men now engaged in trust business look first on the profit side rather than on the human side of trust service. It is my opinion that profits will follow as surely as day follows night if service of the highest character is given. I believe Colonel Fries has this viewpoint to the highest possible degree. No man in the trust profession in America stands higher than Colonel Fries, and not only are his counsel and advice at trust gatherings listened to with interest and respect, but a high value is placed thereon."

The purpose of this chapter is to show how Colonel Fries responded to the call for trust men. The last decade of the nineteenth century seemed to open with a national demand for departmentalized trust companies to render under one roof a multitude of financial services. Colonel Fries, reluctantly bringing to a close his career of railroad building, sensed the opportunity of service and of profit in developing a trust company — this long before the people of the state at large knew what a trust company was.

After devoting ten years to foundational work that was purely local, he came to prominence in North Carolina as a banker in 1904; and the same year he came to prominence in the country at large as a trust man, the latter achievement being attributable to an address in New York on Conservatism in which he brought the trust men of the country back to fundamental conceptions of trust service and in which, as the metropolitan press said at the time, he stepped on the toes of a good many trust company men who had

been departmentalizing their companies too much — to the extent of combining services that had no business being carried on by the same company. North Carolina showed its appreciation of him as a banker by electing him President of the State Bankers Association; the trust companies of the United States showed their appreciation of him by electing him to the highest honor within their gift, and ever since they have shown their regard for him by appointing him to membership on their most important committees and seeking and accepting his advice on all manner of trust questions.

Birthplace of Colonel Fries

Chapter V
His Moravian Background

A visitor asked an English gardener how long it had taken him to create such a perfect lawn and the gardener answered, "Three hundred years, sir." If any one should ask how long it has taken to make the trust man whose life story is here given, a correct answer would be, "Five hundred years, sir." That is to say, the preaching of John Huss in Bohemia from 1402 to 1414 and his martyrdom at the stake at Constance on July 6, 1415, set in motion forces — material, intellectual, and spiritual — that five centuries later went to make of Colonel Francis Henry Fries a trust man.

"Colonel Fries, as a trust man, is quite as much a product of his inheritance — religious and ancestral — as of his environment."

It is, of course, not within the province of this life story of a trust man to trace the Moravian movement across the centuries or across the continent of Europe, across the Atlantic, into the colony of Pennsylvania, and down into the colony of North Carolina, or to trace it through the vicissitudes of colonial days, of revolutionary times, of Civil War, of Reconstruction, on down to the industrial and financial renaissance of North Carolina in the twentieth century. But the Moravian faith and practice did inculcate certain habits of thought and action, certain ideals of conduct that must be in the warp and woof of a trust man, and that are, in fact, a part of the warp and woof of the character of Colonel Fries as a trust man. Colonel Fries, as a trust man, is quite as much a product of his inheritance — religious and ancestral — as of his environment.

Unitas Fratrum

Though John Huss was burned at the stake in 1415, it was more than a generation later, 1457, when a group of his followers organized the Moravian Church. Even then it was not organized as a separate church, and it was not called Moravian. It was, rather, a religious society, and the name they chose was "Brethren of the Law of Christ — *Fratres Legis Christi*." "Inasmuch, however," says Bishop Edmund de Schweinitz in his *History of the Unitas Fratrum* (pp. 107-8), "as this name gave rise to the idea that they were a new order of monks, they changed it simply into 'Brethren.' When the organization of their church had been completed, they assumed the additional

title of *Jednota Bratrska*, or *Unitas Fratrum*, that is, 'The Unity of the Brethren,' which has remained the official and significant appellation of the Church to the present day."

MORAVIANS

It was not until three hundred years later — not until just before the first settlement of the Brethren in North Carolina in 1753 — that they came to be known as Moravians. This is how it happened, according to Bishop Rondthaler in his memorabilia of 1925: ". . . the name 'Moravian' is not our real name. It was a kind of nickname which the Londoners gave to our people 175 years ago.

"They were passing as exiles of the faith through that city on their way to America, having been invited by General Oglethorpe into his new colony of Georgia. Their Bishops had been recognized by the Church of England and by the British Parliament as being in the line from the time of the Apostles. The Londoners asked, 'Who are these people?' and the answer was, 'They are Moravians who have escaped from Austria and from religious oppression and are going to America to do all the good they can in a land where they will be free, as Protestants, to worship according to Bible teaching'" (Rondthaler, *Memorabilia*, p. 472).

The history of the Moravian Church, in so far as it is related to this study, falls into four periods: first, 1457-1628, in Bohemia; second, 1628-1722, the Century of the Hidden Seed; third, 1722-1752, in Saxony; and fourth, 1752 to the present, in North Carolina.

IN BOHEMIA

The first period is a period of religious persecution. Bishop Edmund de Schweinitz's *History of the Unitas Fratrum* down to 1722 is a story of persecution after persecution: the first persecution, 1461-63; the second persecution, 1468-71; the persecution under Ladislas, 1497-1506; the General Persecution, 1507-16; the General Persecution; 1546-48; the Day of Blood at Prague, 1621, up to the overthrow of the *Unitas Fratrum* in Bohemia and Moravia, 1621-28.

HIDDEN SEED

The climax of 150 years of persecution came in 1621 with the Day of Blood at Prague, followed by a seven years' religious war during which the *Unitas Fratrum* was overthrown in Bohemia and Moravia, and during the next hundred years — till 1722 — the Church survived only as the Hidden Seed. Yet during this period — when to all outward appearances the Moravian Church had been blotted from the face of the earth — the Church furnished one of its greatest leaders, one whose influence persists to this day: Bishop John Amos Comenius, of whom more will be written later.

Exodus of the Moravians

In 1628 a general exodus took place. It is said that more than thirty-six thousand families left Bohemia and Moravia. Among them were sturdy husbandmen, skilled mechanics, able artists, learned scholars, rich merchants, and no less than one hundred and eighty-five noble houses of which many counted twenty or even fifty noble representatives alone (De Schweinitz, p. 546). The population of Bohemia dwindled to less than one-third of its former size, from about three million to about eight hundred thousand.

After a century of silence during which the stream of Moravian faith flowed on, but underground like the waters of some of our disappearing rivers of the West, the day of emergence came — the day of rising once more to the surface and into the sunlight of tolerance and of welcome. In 1722 Count Nicholas Lewis von Zinzendorf, a pious young nobleman, agreed to receive on his domain of Berthelsdorf, Saxony, the descendants of the Brethren who had survived in Moravia during this hundred years, and that year the revival of the *Unitas Fratrum* began.

Wachovia Settlement

Thirty years later, in 1752, Bishop August Gottlieb Spangenberg and his party left Bethlehem, Pennsylvania, to find a suitable tract of one hundred thousand acres somewhere in the colony of Carolina for another settlement. They found the tract in what is now Forsyth County, North Carolina, in the center of which the city of Winston-Salem now stands, and called it "Wachovia."

The following, according to Miss Adelaide Fries, is the origin of the name: "Despite the dreary aspect that January gives, the hills and streams of this place reminded Spangenberg of the Wachau, an estate in Southern Austria formerly belonging to the Zinzendorf family, and at his suggestion that name was given to this tract of 98,985 acres in North Carolina, which was bought by the *Unitas Fratrum* soon after Spangenberg's report was received.

Perhaps because 'Wachau' was difficult for any but Germans to pronounce, perhaps because of a scholarly liking for a spelling which harmonized with the English language, Wachovia is the form used from the beginning in all documents written in English; while in all German papers it was Wachau" (Fries, *The Moravian Church*, pp. 31-32).

Since this is a history neither of the Moravian Church nor of the Moravian people, it would be profitless to trace the experiences of the settlement through the days of the Indian Wars, of the Revolution, of the Civil War, of Reconstruction.

We are more concerned about the intellectual and moral and spiritual fiber of these people that have furnished a background five hundred years old for the trust man whose life story we are studying.

What are the characteristics of the Moravians that would make trust service congenial to them?

EDUCATED PEOPLE

In the first place, they are a people who have properly valued education. It is no accident that Salem College in Winston-Salem, dating back to 1772, is the oldest college for women in the South (*Mor. Rec.*, II, 699). Moravians have always considered the education of their youth a special trust. Their Bishop, John Amos Comenius, whose writings led Zinzendorf to become a Moravian and not merely a protector of them (De Schweinitz, pp. 600-603), has been called the pioneer of modern education. It is worthy of note that Comenius was offered the presidency of Harvard College and declined it.

"Moravians believed in educating both men and women and, what was even more surprising for the time, believed in educating them together."

Moravians believed in educating both men and women and, what was even more surprising for the time, believed in educating them together. It is recorded, "Br. Marshall met with the Society to discuss the school matters, and, in spite of all representations, we had to agree that the custom of the Pennsylvania Congregations should be adopted, and that boys and girls should attend together" (*Mor. Rec.*, II, 745).

They believed in education not only of the head but of the hands as well. For a long time after the Church was started their ministers supported themselves by some trade, as St. Paul supported himself by tent-making. It is recorded, for instance, "Friis was the pastor of Bethabara, but he served in the Holy Communion, cooked, cleaned, or herded cattle with equal readiness" (*Mor. Rec.*, II, 529).

"Truly our forefathers," said Colonel Fries in his sesquicentennial address in 1916, "were an educated people, and brought with them when they came, and cultivated here, a refinement not common among first settlers and most uncommon today. Education was a part of their religion and the Salem Academy and College stands today a monument to the methods and means employed in the earlier days."

SELF-SUFFICIENT CIVILIZATION

A reading of the early memoirs of the Moravians in North Carolina shows what a self-sufficient civilization they had. When they came to settle in North Carolina they had it all planned out beforehand even as Admiral Byrd planned his Antarctic expedition of 1928. Miss Adelaide Fries in her foreword to the *Moravian Records* writes: "The colonists who came to Wachovia in November, 1753, were selected, in part at least, with a view of their trades and professions, so that, originally, they were well fitted to establish a settlement in the heart of the wilderness, and make it a center of service to neighbors for eighty miles around" (Mor. Rec., II, 15).

The men selected to come to North Carolina were not chosen because of their desire to come but because of their fitness for the arduous task of taming a wilderness. Of the twelve Moravians from Bethlehem, Pennsylva-

nia, in 1753, who settled in the Wachovia tract, one was a minister, one the business manager, one a physician, two farmers, one miller, one gardener, one baker, one carpenter, one carpenter and hunter, one tailor, and one shoemaker (Fries, *History of Forsyth County*, pp. 20-21).

The following is a list of the businesses conducted for the benefit of the Salem Community in 1774: store, tavern, pottery, tanyard, brickyard, farms, mills, brewery, bakery, butchery. The following is a list of the professional men and handicraftsmen in Salem at this time: doctor, apothecary, lawyer, forester, roadmaster, mason, carpenter, sawyer, cabinetmaker, wagon maker, weaver, dyer, tailor, blacksmith, gunsmith, locksmith, nailsmith, saddler, dresser of deerskins, maker of leather breeches, shoemaker, nurse, school teacher, bookkeeper, tobacco manufacturer, seedman, night watchman (*Mor. Rec.*, II, 830). Was ever such another community so completely manned?

One of the things that impressed Bishop Spangenberg when he came to the colony in 1752 to spy out the land for the Moravian settlement that was to follow the next year, was the lack of equipment and diversification of enterprise. Among the earlier colonists all the way from Edenton west to the mountains, "of handicrafts," he wrote in his diary, "I have seen practically nothing in the 150 miles we have travelled across the Province. Almost nobody has a trade. In Edenton I saw one smith, one cobbler, and one tailor at work and no more; whether there are others I do not know. In 140 miles I saw not one wagon or plough, nor any sign of one" (Spangenberg's diary, Sept. 25, 1752, *Mor. Rec.*, I, 39).

Speaking of the settlement of Salem, Colonel Fries said in his sesquicentennial address: "The town was laid out accurately with compass and chain. From the beginning a water supply was had from one of the springs north of the town brought by gravity through handbored wooden pipes. Later, as the town grew, a pumping station supplied a reservoir connected by wooden logs bored and fitted for a wooden watermain. Artisans were secured in every branch of manufacture. The millwright had not only to dig the race and build the water wheel but to quarry the stone and cut the runners to grind the grain for the many farmers that came for scores of miles around.

"The leather had to be tanned and shoes were made in quantity; saddlery was yet a branch of trade that lingered until my day. Hats were of real fur that turned water and were like Salem Jeans, an article that did not wear out. The pottery of the community was known far and near. The rifles made in Salem shot with an accuracy that made them favorites. The grandfather clocks still run after a century of use with more accuracy than many obtainable today.

"I cannot refrain from referring to the stonecutters that made the steps and stone sills of this building [Home Church] nor the blacksmiths that hammered from the rough iron the graceful and substantial iron rails that guard the entrance to this church."

COSMOPOLITAN CIVILIZATION

Not only did the Moravian settlers have a complete, self-sufficient civilization from the start, but they also had a cosmopolitan civilization. They had within their brotherhood many strains of blood. The earliest settlers of Salem were an Englishman, two Danes, two Germans, a Swiss, two brethren from Pennsylvania.

"The Moravian Church then and now," said Colonel Fries, "contained men and women of many strains of blood, and the idea is false which places the settlement as purely German. It is true that many of its members here are of German descent, that the German language was used and taught for many years, and German services continued in Salem until the time of many who are in this audience today [1916]. It is equally true that many of the customs and methods still in use are of German origin and that we are indebted to them for much of the thoroughness and simple ways that have characterized our people. But the peculiarities that are often noted . . . are not the traits of any one nation but the traits of the Moravian Church."

". . . the highest ideal of the real Moravian . . . is applied Christianity — not theorizing about Christ but living as He did."

APPLICATION OF PRINCIPLES

Next after education and training came application. If I were asked to state the highest ideal of the real Moravian, I should say it is applied Christianity — not theorizing about Christ but living as He did. "His chief interest has ever been one of life rather than that of doctrine" (Fries, *The Moravian Church,* p. 105). This craving of the Moravians is evident all the way through their writing. De Schweinitz says of Chelcicky, one of the founders of the Moravian Church in the fifteenth century: "It was not doctrine that chiefly engaged the attention of Chelcicky, but ethics. He looked upon Christianity rather as a life than a creed, and his entire system shows that the dogmatic was made subordinate to the practical" (De Schweinitz, p. 97).

As early as 1464 the Brethren in the mountains of Reichenau agreed upon a set of statutes and delivered them to the Elders; the first one of these is as follows: "We are, above all, agreed on the following points: To continue, through grace, sound in the faith of our Lord Jesus Christ, to be established in the righteousness which is of God, to maintain the bond of love among each other and to have our hope in the living God. We will shew this both in word and deed, assist each other in the spirit of love, live honestly, study to be humble, quiet, meek, sober, and patient, and thus testify to others that we have in truth a sound faith, genuine love, and a sure and certain hope" (De Schweinitz, p. 122).

In the foreword of Miss Adelaide Fries's translation of the *Moravian Records*, she wrote: "The *Unitas Fratrum* of the eighteenth century was . . . heir to the traditions of Huss and the early Brethren, with their insistence upon the need for practical religion, vital in the everyday life of everyday men, women, and children . . . . Service was the keynote of their lives and they had the unusual clearness of vision to see that needed service was impor-

tant service, and that the man who made the shoes and the man who wore them to some distant mission field together served the cause of the Lord" (*Mor. Rec.*, I, 13).

Music

One of the characteristics of the Moravian Church is its devotion to music. Miss Fries says that the religion of the Moravians is a singing religion (*The Moravian Church*, p. 121). De Schweinitz says that music, especially singing, for which the Moravians are still celebrated, constituted their pastime (De Schweinitz, p. 6). Herder says, "The hymns of the Bohemian Brethren are invested with a simplicity and devotion, with a fervor and spirit of brotherly love" (De Schweinitz, p. 403). In an address delivered in the Home Moravian Church in Salem in 1916 Colonel Fries said, "In the belfry of the [Home] Church hangs a bell whose silvery tones charm the hearers in a marvelous way. It is said that into the melted metal was poured the silver coin of the Brethren, while their prayers were being poured forth that its silver tones might be heard and heeded in the distant land. In the Church was placed a pipe organ, partly imported and partly built here, and by means of it the musicians rendered Haydn's *Creation*, Handel's *Messiah*, the oratorios of that character."

"Service was the keynote of their lives and they had the unusual clearness of vision to see that needed service was important service, and that the man who made the shoes and the man who wore them to some distant mission field together served the cause of the Lord."

One evening in the summer of 1928 I went out to Colonel Fries's home for a business conference with him and several others. He said, as he greeted me: "I have been resting. Do you know what I do when I rest? I lie in the hammock here and hum familiar hymns and songs." So spoke the Moravian. Goethe, who lived in Weimar, and was greatly influenced by the Moravians there, writes in Wilhelm Meisters Lehrjahre: "On our plain, song is the first step in education .... Among all imaginable things, accordingly, we have selected music as the element of our teaching; for level roads run out from music towards every side" (Meister, II, 159).

Impression upon Others

It is interesting to note how the Moravians with such characteristics impressed others. In 1749 an Act of Parliament to encourage the United Brethren to settle in America referred to them as "a sober, quiet, and industrious people" (*Mor. Rec.*, I, 23).

It was this good name that led John Carteret, Earl Granville, to suggest that the Brethren buy from him such land as they desired in North Carolina and there begin another settlement (Foreword, *Mor. Rec.*, p. 14).

In 1772 the governor of the province of North Carolina, visiting Salem, "expressed the wish that the orderly, praiseworthy life of the Brethren, their faithfulness, industry, and neatness might be a pattern to neighbors in the Province" (*Mor. Rec.*, II, 660).

In 1777 Samuel Strudwick wrote Tr. Bagge: "But as long as decency, order and economy, meekness, industry and piety shall have their due influence on mankind, so long must every one who has been a witness how

genuinely they display themselves amongst your congregation esteem and venerate it. For my part I am constrained to acknowledge that you appear to me the only practical Christian society I have ever seen and approach nearest to the inevitable pattern our Saviour sate us" (*Mor. Rec.*, III, 1365-66).

In 1778 the Legislature of North Carolina reported that through the Moravians agriculture, trade, and manufactures had been improved and extended in the western part of the state, and through their peaceable and orderly behavior they had won great respect and reputation, that in an especial manner they had proved their willingness on occasions to aid and assist in common cause so far as religious conscientious scruples permitted (*Mor. Rec.*, III, 1206).

When George Washington visited Salem in 1791 he said in his response to the address of welcome, "From a society whose governing principles are industry and the love of order much may be expected toward the improvement and prosperity of the county in which their settlements are formed, and experience authorizes the belief that much will be obtained" (Celwell's *History*, p. 185).

Says Colonel Fries: "We ask: What force or power was it that moved these people to undertake such great things on such a large scale? What influence was it that caused the trades to prosper to such a degree that the journeymen and apprentices from Salem went everywhere, as the products of their shops went everywhere? What subtle influence pervades even the atmosphere of the schoolroom and ties thousands of those who have attended school here [Salem] to the place with cords stronger than steel? There is but one explanation. Whatever the influence, it emanated from the heart.

"It is remarkable to what extent the Moravians from their early years were familiar with and made use of the services that now go to make up the activities of a modern trust company. . . ."

"The religion of the fathers extended into the workshop and schoolroom; these men took the Church into their business, and their business into the Church. They worked with a purpose and a faith that made them succeed; their peculiarities all center around a purposeful faith, or a faith filled with purpose. We know no lamp by which our feet are guided but the past, and that people is peculiarly blessed that has its pathway thus illumined."

What an unconscious self-revelation in this tribute of Colonel Fries to the religion of his people!

MORAVIAN FAMILIARITY WITH TRUST SERVICES

Granted that one who is true to the teachings of the Moravian Church would possess most of the qualifications of a trust man, what, if anything, is there in the life of the Brethren that would naturally turn the thought of any of them to trust service?

It is remarkable to what extent the Moravians from their early years were familiar with and made use of the services that now go to make up the activities of a modern trust company — wills, trusts, safe-keeping of property, and the like.

Wills

First, let us trace through the Moravian history some of the reference to wills. "In 1500," De Schweinitz says, "while on his way to the Synod of Prerau Bishop Matthias [the first Bishop of the church], was taken fatally ill at Leipnik. Several members of the Council hastened to his bedside. To one of them he dictated his last will and testament, in which document he accused himself of many faults; warned his brethren against similar acts of weakness; and exhorted them to avoid schisms and to keep the unity of the spirit in bonds of peace" (De Schweinitz, pp. 181-82).

In 1516 Ladislas, King of Bohemia, died. "The legacy which he left the *Unitas Fratrum* was a solemn charge to its enemies to destroy it utterly. This charge was set forth in his last testament and given for the sake of his soul's salvation and of the true faith" (De Schweinitz, p. 198).

In 1528 Luke, the fourth Bishop of the church, died. He left an elaborate will addressed to the ministers of the church, in which he commended his soul to God, asked his brethren to forgive his faults, suggested in what way the government of the church should be carried on, left his writings in its hand, gave some account of its property, recommended the poor to its special care, and solemnly declared that he died with unchanging loyalty to the Unity of the Brethren (De Schweinitz, p. 239).

Upon the accession of Maximilian II to the throne of Bavaria in 1564 the liveliest interest was awakened among both Protestants and Catholics. On whose side would he be? Elector Frederick III of the Palatinate urged him to side with the Protestants. A codicil to his father's will warned him against it. He met the dilemma by remaining a Catholic and tolerating the Protestants (De Schweinitz, p. 362).

In 1624 one of the points in the persecution of the Moravians under Emperor Ferdinand II was to declare the last will and testament of a Protestant invalid (De Schweinitz, p. 542).

These are but a few of the instances of Moravians becoming familiar with wills — in some cases, by reason of having to suffer under them or because of them. But there are many other instances showing that the Moravians made use of wills for themselves.

In 1762 John MacDowell, the English Rector of Braunschweig (Brunswick), a widower, made his will in which he said, "This it is my particular will and desire that he [his only son, two years old] with all his fortune be put under ye care and tuition of ye Society of Christians at Wachovia, called ye *Unitas Fratrum*, or United Brethren, or as ye are more commonly called Moravians. The reason I choose to have him brought up under their care is, that I look upon them to be a sober, pious and exemplary prudent Society of Christians, who will bring him up in a laudable and virtuous education and to some profession (that he may prove a worthy member of Society)" (*Mor. Rec.*, I, 244).

It is recorded in the old Moravian records in Salem that in 1773 "the

Widow Merk came from Salem with her husband's executor, Br. Bonn, who will also take charge of the estate of Sr. Zynn" (*Mor. Rec.*, II, 778).

In 1777 Br. Bonn qualified as executor of the will of Br. David Rominger (*Mor. Rec.*, III, 1151).

The next year, it is recorded, Br. Graff received from Sr. Reuter the maps and instruments for surveying which Br. Reuter left to the congregation in his will (*Mor. Rec.*, III, 1220).

July 7, 1778, "I visited Br. Spach; he is quite weak and asked me to write a letter to Br. Bonn requesting him to come as he wished to put his affairs in order by making a will" (*Mor. Rec.*, III, 1275).

Nov. 16, 1778, "Mr. Siverberg, or Sivery, had Br. Bonn draw his will in which he leaves his property for the furtherance of the Gospel in North Carolina (unless he changes his mind before he dies)" (*Mor. Rec.*, III, 1251).

ADMINISTRATORSHIPS

Nor were the Moravians strangers to the settlement of estates without wills. In the Salem archives is to be found the original of the letters of administration upon the estate of George Leidge issued by Governor Dobbs to Jacob Loesch, administrator (*Mor. Rec.*, I, facing p. 23).

LIVING TRUSTS

They were also familiar with and made use of trusts — one person or body holding property for the use of another.

"An early Brethren's Church," says De Schweinitz, "had three boards — elders, almoners, and aediles. The aediles formed the trustees of a church. They managed its financial affairs; looked after the parsonage and chapel and schoolhouse; and rendered an annual account to the parish whose contributions were paid quarterly" (De Schweinitz, pp. 216-17).

In 1751, two years before the Moravian settlement in North Carolina, a nominal sale of the land in Pennsylvania belonging to the church had been effected, by which Nitschmann, becoming the sole proprietor, had given a written pledge that he would administer the property to the best of his ability for the good of the church and in no sense for personal ends (Hamilton, *History of the Moravian Church in the 18th and 19th Centuries*, p. 176). That is to say, Nitschmann made a declaration of trust in favor of the church.

When the Moravians purchased of Earl Granville the hundred-thousand-acre tract in the province of North Carolina, they took title not to themselves, for they were still an unincorporated body, but to James Hutton of London "in trust for the *Unitas Fratrum*" (Hamilton, *The Moravian Church*, p. 81). In 1778 Hutton transferred the title in trust to Frederick William Marshall, who had gone to Europe in 1775 and returned in 1779. After the War, when the land of aliens was being confiscated under the Confiscation Act, it seemed for a time that the Moravians might lose their hundred-thousand-acre tract since the title to it was in an absentee — one who had lost his right under the Confiscation Act. To cure that defect the

Legislature in 1782 vested title in Frederick William Marshall, Esquire, of Salem, in Surry County, to all the lands of the *Unitas Fratrum* in this State for the use of the United Brethren (Hamilton, *The Moravian Church*, p. 82). Thus by legislative act the title to the Moravian settlement was vested in Marshall in trust for the Brethren.

Nor was the living trust, as we call it today, unknown to the Moravians. In December, 1779, a man named Montgomery in what is now Wilkes County, North Carolina, made a deed of trust to John Brown and two other men, under which a tract of land known as the "lower tract" was to be held for the benefit of Montgomery's two young daughters, Rachel and Rebecca, the income to be used for their support until they attained their majority or married, when the property was to be transferred to them. Montgomery died soon afterwards, and his will confirmed this deed of trust, made the trustees his executors and charged them to sell "the upper tract" and pay the debts due the Moravians (*Mor. Rec.*, III, 1414).

SAFE DEPOSIT BUSINESS

Or is it the safe deposit department of a trust company for the safe-keeping of valuables whose origin or prototype we are seeking? On February 9, 1778, it is recorded in the Moravian records in Salem: "Mr. Siberberg and his apprentice left again for Salisbury; both of them liked it here. The former left a closed and sealed box in the care of Br. Heintsmann; it contained silverware; and he took a receipt for it" (*Mor. Rec.*, III, 1221).

"Budgeting is nothing new to Moravians."

INSURANCE

Or is it insurance that concerns us? In Bethlehem, Pennsylvania, is the main office of the Widows Society — a Moravian life insurance company of which men belonging to the Unity may become members, their widows being the beneficiaries — which has done good service through a long series of years (*Mor. Rec.*, II, 772). There is a similar Widows Society in Salem of later date.

CORPORATE TRUSTS

Is it the right of a corporation to hold property in trust — the question that was finally settled by the Supreme Court of the United States in 1844 in the Girard Will case? Three years before, in 1841, King Frederick William IV of Prussia had decreed that the title of the Moravian Church's estate in his dominion might be held by the Unity's Elders' Conference as a corporate body. Similar concessions were granted by Saxony in 1844. To these concessions, however, was attached the stipulation that the Conference should receive a power of attorney from the general Synod of the Unity authorizing it to hold its trust in the name of the Church (Hamilton, p. 383).

BUDGETING

We hear much today of budgeting — in the government, in business,

in the home. Budgeting is nothing new to Moravians. It is stated in the old Moravian records in Salem that "The Aufseher Collegium" [the board of directors of the industries of the Brethren] applied the principles of the budget system, even though it was a century and more before men named the plan (*Mor. Rec.*, II, 693).

HOLDING COMPANIES

It is not uncommon nowadays for trust companies to organize and own or control a holding company to hold title to their banking house and to buy and sell real estate and to deal in stocks and bonds. The first land company in North Carolina was the "Nord Carolina Land und Colonie Establissment" organized to develop and market portions of the Moravian lands in this state (*Mor. Rec.*, II, 694).

MORAVIAN CHAIN OF TITLE

One may get an idea of the part that wills and trusts played in the business affairs of the early Moravians by tracing the chain of title to the hundred thousand acres of land of which the present city of Winston-Salem is the center:

1753 — deed by Earl Granville to James Hutton in trust for the *Unitas Fratrum;*
1778 — deed by James Hutton to Frederick William Marshall in trust for the *Unitas Fratrum;*
1782 — Act of Legislature of North Carolina vesting title in Frederick William Marshall for the use of the *Unitas Fratrum* to cure the possible defect in title created by the Confiscation Act following the Revolutionary War;
1802 — title passed by Marshall's will to Christian Lewis Benzien of Salem;
1811 — title passed by Benzien's will to John Gebhard Cunow of Bethlehem, Pennsylvania;
1822 — deed by Cunow to Lewis David de Schweinitz of Bethlehem;
1834 — title passed by De Schweinitz's will to Henry William Van Vleck of New York City;
1844 — deed by Van Vleck to Charles F. Kluge of Salem;
1853 — deed by Kluge to Emil A. de Schweinitz;
1877 — deed by De Schweinitz to Board of Provincial Elders of the Southern Province of the Moravian Church, or *Unitas Fratrum* (*Moravian Church,* pp. 81-82).

From all this it is to be seen that the principal ways of handling and passing property now used — wills, trusts, living trusts, declarations of trust, holding companies — were well known and in frequent use by the Moravians. It is to be seen, too, that the principal trust services now being rendered by a modern trust company were rendered by and for the Moravians —

executorships, administratorships, trusteeships, safe-keeping. It is true there were no references to stocks because there were few industrial corporations at that time. Hence we find in the early records of the Moravians no prototypes of modern investment companies or bond departments or corporate trust departments. But, as for personal trusts, the Moravians were schooled in the use of them while they were still in Bohemia and Moravia — long before their exile.

Is it to be doubted, then, that the Moravian background of Colonel Fries had much to do — without his realizing it, of course — with his becoming a trust man? His church inculcated the qualities of mind and spirit that comprise the qualifications of a trust man. His brethren in the church had used wills and trusts for purposes of their own, and their church and they had been victims of wills and trusts of their enemies. Would not any one, knowing the Moravians — their history, their teachings, their business methods, their practices — have gone to a Moravian community to pick a trust man sooner than he would have gone to any other community of Christians?

During the Indian wars in Pennsylvania, when many of the Moravian settlers lost their lives, the Brethren of Bethlehem put on record this sentiment which characterizes the Moravians as they have survived and flourished through five hundred years of persecutions, wars, and exiles: "If it must be so, it is better that a brother should die at his post than to withdraw and have a single soul thus suffer loss." Men do not mind leaving their estates and the welfare of their families to men who prefer to die at their posts rather than withdraw and have a single soul thus suffer loss.

"Men do not mind leaving their estates and the welfare of their families to men who prefer to die at their posts rather than withdraw and have a single soul thus suffer loss."

Chapter VI
Ancestral Influences

The Moravian brotherhood — it began as a brotherhood of Christians and not as a separate denomination — has maintained its identity throughout all these five hundred years. It has been like the Gulf Stream moving through the Atlantic Ocean, tempering the rigor of the northern climates but not losing itself in the surrounding ocean of colder waters. The Moravian ancestry of Colonel Fries has been like a smaller stream within the larger one, maintaining its identity as a family as the Moravians have maintained theirs as a brotherhood, and, as will be seen, the recorded history of his ancestry is contemporaneous with the history of the renewed *Unitas Fratrum* — that is, since 1722.

"Two distinct ancestral influences contribute to the character of Colonel Fries as a trust man — one military, the other ecclesiastical."

His Military Ancestry

Two distinct ancestral influences contribute to the character of Colonel Fries as a trust man — one military, the other ecclesiastical. In point of time, the military preceded the ecclesiastical, but in point of importance of its bearing upon him as a trust man it is far the lesser of the two. His title— Colonel — came from his having been a member of the staff of Governor Scales of North Carolina from 1885 to 1889.

When the Fries family first emerged from tradition into recorded history the men were soldiers. The soldierly bearing of Colonel Fries — his erect statue, his orderliness, his precision — all bear unmistakable evidence of the military strain in his blood. But this military strain is so far back and, compared with other influences, has had so little to do with making him a trust man that I have not attempted to make an independent study in German of his family before it became identified with the Moravian brotherhood, but have been content to accept the facts as stated in the biographical histories.

The first Fries in the line we are tracing was Sigismund Eberhard von Fries, a colonel and commandant of Hochst am Main who married Juliana Anna, Lady Hamilton, a Scotchwoman. Their son, Heinrich Sigismund von Fries, was a gentleman of the bedchamber of Hesse-Homburg and lieutenant in the army of the Emperor. He fell in battle in 1683. His widow, a daughter

of Philipp Moritz von Erckebrecht who was warden of the County of Hanau, bore a son five months after the death of her husband. This son, Johann Konrad (John Conrad) von Fries, was born at Frankfurt am Main in 1684 and died in 1763. His mother lost the greater part of her fortune through a second marriage, and Konrad was apprenticed to an apothecary in Erfurt. He renounced his rank because of his inability to meet the necessary expense. As Konrad Fries, not von Fries, he later settled in Montbeliard (or Mompelgard), where he continued as an apothecary and also became burgomaster. In 1715 he married Judith Scharfenstein, who died in 1747, leaving a large family.

The youngest son of Johann Konrad Fries, named Peter Konrad Fries, was born at Montbeliard, France, near the Swiss border, in 1720, took the degree of doctor of philosophy at Strassburg, and married Christiana Sophia Jaeschke, daughter of Michael Jaeschke.

PETER CONRAD FRIES

Peter Conrad Fries had been educated for the ministry. He was first a clergyman of the Lutheran Church, but under the influence of the writings of Zinzendorf later became a distinguished member of the Moravian Church with pastorate at Neuwied on the Rhine. At one time he was dispatched to St. Petersburg in the interest of the Moravian missions in Russia (Hamilton, p. 210). In 1775 at the Synod of Barby he was elected to the Unity's Elders' Conference and served with Bishop Spangenberg, who selected the hundred thousand acres in North Carolina bought of Earl Granville. He was reelected in 1782 at Berthelsdorf and died in Barby, Saxony, in 1783.

JOHN CHRISTIAN WILLIAM FRIES

The second son of Peter Conrad Fries, John Christian William Fries, the grandfather of Colonel Fries, was born in 1775 and died in 1866. On account of the ill health of their mother and the constant absences of the father on business for the church, the two sons — Jacob Frederick and John Christian William — had been sent away to a Moravian boarding school when they were five and three years of age.

John Christian William Fries, after graduating from the Moravian school, taught at Herrnhut and later at Kleinwelke, another noted Moravian school. His father wanted him to become a minister; but, instead, he came to Salem, North Carolina, arriving on October 31, 1809 — the date of the beginning of the Fries family in North Carolina. He married Elizabeth Nissen, daughter of Tycho Nissen, who was not an ordained minister but what we would call now a licensed lay-reader. They had three children — Francis Levin Fries, Henry W. Fries, and Caroline Fries (Belo).

FRANCIS LEVIN FRIES

In the line of ancestry we have now reached Colonel Fries's father — Francis Levin Fries, oldest son of John Christian William Fries and Elizabeth Nissen, born in Salem, North Carolina, on October 17, 1812. He

so disliked the middle name "Levin" that he never used it and was known as Francis Fries. I shall refer to the father as Francis Fries and the son as Colonel Fries.

Francis Fries was educated for the ministry at Nazareth Hall, Pennsylvania. But, instead of entering the ministry, he returned to North Carolina and became a teacher. His keen sense of honor is shown by the fact that when he decided not to enter the ministry, he paid up the tuition of which he, as a student for the ministry, had been relieved. He also studied law and secured his license to practice and did practice awhile. The impression that he made when he was called upon by the judge to charge the grand jury is still one of the traditions of the Forsyth County (then Stokes County) Bar.

Abandoning the practice of law, he took the position of treasurer of the first cotton mill built in Salem in 1836 and made it a success from the beginning. In 1840 he started a woolen mill on his own account. In 1846 he took his brother Henry into the firm and thereafter the F. and H. Fries woolen manufacturers were among the best known in the country. He and the late Edwin Holt of North Carolina, another pioneer mill man, would take turns going to Philadelphia and upon returning each would tell the other what he had learned about the business or the market.

He took an active part in building the North Carolina Railway, and had the contract for grading some miles of it near Jamestown. He selected the site and gave the name to the present city of High Point, North Carolina. He bought the land and gave the railroad the site for its station there. He was also interested in the Fayetteville and Western Plank Road. It has been said that he started the first good-roads movement in North Carolina.

Francis Fries was also active in public service. He was largely instrumental in the creation of Forsyth County out of territory that had been a part of Stokes County. When Stokes was divided, the conservatives in Salem did not want the courthouse and jail and whipping-post established near their town. Francis Fries said, "Bring them here and control them." He won. He was proud of the fact that by purchasing 51.25 acres of land from the Church for $256.25 and selling it off in lots he was able to raise enough money to build the courthouse and jail without cost to the taxpayers. (See the deed recorded in *Forsyth County*, Book I, p. 24.)

He served his county in many capacities — chairman of the board of commissioners, chairman of the special court and member of the finance committee of the county, clerk and master in equity — offices that are unfamiliar to the present generation. He represented Forsyth County in the General Assembly of 1857 and wrote the first Revenue Bill in its present form.

Francis Fries was a man of tireless energy, farsighted, progressive — with more energy than physical endurance. Either in the campaign of 1856 or during the session of the Legislature of 1857 he contracted a bronchitis from which he never recovered and which led to his death in

1863, at the age of fifty-one.

When Francis Fries died Colonel Fries was only eight years old, and the latter was reared under the influence of his mother, who lived forty years longer. Yet during those eight impressionable years Colonel Fries must have been influenced by his father to an extent that, perhaps, he, himself, does not realize.

It was said of Francis Fries in the press of that day (*Western Sentinel*, August 6, 1863): "He was a man of no ordinary endowments — possessed a well cultivated mind, a clear and comprehensive intellect, his abilities were such as to commend admiration, and would have shown transcendent in any sphere of life. His enterprise was boundless, and he seemed to breathe the soul of energy and success into everything he touched.

"From comparatively small means in early life, he became vast in wealth, and has contributed more to the cause of social and moral improvement in the country than many others of far greater pretensions. As a man of incorruptible heart, candor and truth, he was a model. Whatever opinions men may have entertained of his motives, we are sure they were ever the dictates of good conscience and unclouded brain. The noblest monuments of the town in which he lived and reared are the works of his hand."

"When Francis Fries died Colonel Fries was only eight years old. . . ."

The author of this tribute, speaking of the monuments of the town, must have been thinking not only of the courthouse in the new town of Winston but also of the main building of Salem Academy and College in the old town of Salem, which latter was also designed by and built under the direction of Francis Fries and stands today, after all these years, a model of architectural beauty and stability of construction.

The following picture of life of the home in which Colonel Fries was reared is by another member of the family: "He [the father] had more energy than strength and left his boy an example of industry and sobriety. There were certain principles he and Mother carried out in the training of their children which we can never forget.

"Prompt obedience was absolutely required. We never thought of arguing or of being told a second time to do anything.

"We were taught reverence for God's House, and our pious mother trained us in Bible-reading and attendance at church services and Sunday School.

"We were taught to show respect and courtesy to old people.

"Much of our childhood was spent during the terrible years of the War Between the States and the Reconstruction Period, so we had very little money. If a kind friend gave us for a Christmas or birthday gift as much as twenty-five cents, we felt rich indeed. Of this munificent sum Father would suggest and encourage us to put a part into our 'Savings Account,' to which we would add any pennies we could get or earn. Strict economy was a necessity at that time, but economy was another principle that was taught and practiced in our home."

Lisetta Vogler Fries

Colonel Fries's mother, who was Lisetta Maria Vogler of Salem, was left a widow at the age of forty-three with seven children ranging in age from twenty-four to four, and lived forty years to see them all married and doing well in the world. She is described by one who knew her in her later years as "one of the saints of the earth." She was small of stature. At the age of sixty she broke her hip and yet lived twenty-four years longer as a cripple, dying in 1903, at the age of eighty-three years.

I give in full Henry Fries's pen picture of his mother, because it contains such a splendid insight into the character of the woman whose influence, more than anything else, made Colonel Fries the trust man that he is.

"My mother," he writes, "was a most devout wife and mother. Of a modest and retiring disposition, she never attempted to impress strangers; but by all who knew her intimately she was very greatly beloved, and over them she wielded a wonderful influence. She was fond of good music, and the songs she sang to us in childhood will ring in our ears while life shall last. She derived much pleasure from the standard anthems. She led a busy life ministering to others, and some one remarked, 'I cannot see how such a busy person can keep up with current events.'

"She was a devout Christian. She taught us to attend church services and respect God's House. She left an indelible impression on her Sunday School class. Some she taught as young boys still refer to her most feelingly. Her local charities were numerous. I have never known her to disregard the appeal of any deserving person, either white or black.

"While she had strength, she kept up the old custom of serving cake and coffee every afternoon about three or four o'clock to the family and visitors. After we were married and had homes of our own, we saw her daily at 'Vesper.'"

Let me give Colonel Fries's tribute to his mother and his estimate of her influence upon his life. "The influence that I acknowledge with great sincerity and with deepest appreciation is the influence of a godly and sainted mother who herself was the daughter of John Vogler, who was a pioneer in the Sunday School work of this section in the early part of the nineteenth century. His people emigrated from Gundelsheim, Palatinate, Germany, which was a Moravian settlement, first to Maine; and then my grandfather's [Vogler] family came to North Carolina.

"I recall another experience: When I was quite a boy, I had been sent to the Salem Post Office, which was kept by O. A. Keehln on the south side of Salem Square. The post office was in the front part of a little store and the rear was fitted with toys. I came home with a ball, and when my mother, upon inquiry, found that I had bought it on credit, nothing would do but that I must go back immediately, although it was then dark and supper time, and take the ten cents to Mr. Keehln's home in order that I might not end the day in debt. This was a lesson, simple, effective, and lasting, and very characteristic. It

was in harmony with the simple teachings of the Church, influencing her and others in trying to live the life, rather than proclaim it.

"Yet another experience with my mother illustrating her faith, her character, and her practice. She held firmly to two things, truthfulness and obedience; for without actual knowledge she could not advise, and without obedience she could not help. She gave me the only whipping I ever received, and that was for disobedience. I still have the picture vividly painted on memory's wall, as she led me into her bedroom with a small rubber whip in her hand, more dangerous to look upon than to feel; after explaining the necessity of carrying out her promise and the great grief it was to her that I had made the correction necessary, she whipped me, and then we knelt in prayer for forgiveness. The whipping did not hurt, but the prayer did, and I can almost feel it as I write. I know it has ever been an anchor in many storms, and while I know in reason I must have disobeyed her afterwards, I am not conscious of having ever done so willingly after that time.

"I could write on and on about Mother, whose influence for good in my life exceeded all others."

"Mother never scolded but abided her time to reason out her point either in the evening hour of prayer or when something came up illustrating a point she wished to make. I could write on and on about Mother, whose influence for good in my life exceeded all others."

As, in discussing the Moravian background of Colonel Fries as a trust man, we found that the Moravians not only taught and stood for the things that go into the warp and woof of the life of a trust man but also actually made use of trust services from the earliest days of the church, so here we find not only that Colonel Fries was reared in a home and under influence that would encourage and stimulate one to be a trust man, but that he had before him from his boyhood the example of trust service in his father's will made and probated in 1863 when Colonel Fries was only eight years old.

Francis Fries's will is a remarkable testamentary document — remarkable for the clarity of the diction, for the breadth of view manifest in its provisions, and for the solicitous father-heart that throbbed throughout the instrument. At the time of his death in 1863, in the midst of the Civil War, Mr. Fries had seven children — three sons and four daughters. There was, of course, no local trust company at that time. He named his brother and his eldest daughter Carrie (Mrs. J. F. Shaffner) and his eldest son John executors and trustees. He provided for the carrying on of the mill of F. and H. Fries. He set up trusts for his daughters. He had this to say about the education of his children: "I desire that all of my children shall be educated out of the funds of the estate, and the younger ones shall enjoy the same advantages as the older ones have had, and, if the estate permits, shall have the privileges of travel similar to that enjoyed by the older ones, that being part of their education. I wish my wife, Lisetta, to be associated with my executors in the moral training of my children. Should any of my children show symptoms of dissipation, to contract extravagant or otherwise improper habits and apply for funds under any pretext, it shall be the duty of their mother and of my executors to examine whether they are needed for proper purposes, and if

found to be not so needed, to withhold them. Should any of the boys be at school and get into habits of dissipation from which they will not abstain after several admonitions, my executors shall take them from school and place them in some useful business . . . .

"In paying any portion of the distributive share to the boys," the will said, "the mother and the executors . . . must be governed by the antecedents of the boys. Such of my sons as shall have shunned bad company and contracted habits of frugality, morality, appreciation and industry may be entrusted more freely with part of the distributive share than if their habits had been different, that is, of course, after they shall have arrived at the age of 21 years. Should such worthy son desire to enter into business requiring capital and which he understands and his schemes have been approved by the mother and executors, one-half or, in extra case, even two-thirds of their distributive share might be advanced to them.

"But should unfortunately either of my sons disregard the advice and admonitions, remonstrances, and prayers of their mother and executors and seriously associate with bad company, contract idle and dissolute habits and not apply himself to regular and constant occupation, then shall my executors or the guardians of such unfortunate son withhold all funds. And if the executors or guardians of such son have reason to suspect that such reprobate is contracting what are called 'debts of honor' pledged to be paid when his estate comes into his hands, they shall make most diligent inquiry to ascertain the truth and, if he be found guilty, not another penny of my estate shall go into his hands, but the part intended for him shall be merged in the general funds and increase the parts of the other children. Any subterfuge intended to evade this provision, however artfully contrived, shall be considered a such 'debt of honor' intended so to be secured.

"Speaking of entering into business, I would earnestly advise my sons to shun all partnerships unless they have sole control of them and, furthermore, not to be too easily led to invest their funds in seasons of public epidemics in schemes of patriotism intended for the development of the country. I would not say stand back entirely but be cautious, prudent, led by judgment and not by impulses. Be not in too great haste too early in life to engage in business, but when you enter never go beyond your depth. Give your business your whole undivided attention, attend to the details as well as to matters of more moment, never under any circumstance permit your mind to be diverted from your own affairs by politics or some imaginary good that you are about to do for your fellowman."

Then this final paragraph: "Lastly I most earnestly commend the care and welfare of my rather helpless family to the kind attention and active support of my dearly beloved brother, his paternal attention and assistance to my wife and his fond and paternal care shown the rest of my family, with his uniform solicitude for their comfort and well being, both moral and physical, having during my long sickness relieved me of much trouble and anxiety and the idea that I can leave my family in such hands has greatly reconciled me

"Francis Fries's will is a remarkable testamentary document — remarkable for the clarity of the diction, for the breadth of view manifest in its provisions, and for the solicitous father-heart that throbbed throughout the instrument."

to an early exit from the world."

Bishop Rondthaler's comment on this last paragraph is, "So wrote the dying brother in 1863, and in the spirit of his parting request his surviving brother lived and wrought for forty years" (Ashe's *Biog. His.*, III, 136).

What a pity that more wills are not human documents like that of Francis Fries! Why won't more fathers bequeath advice, encouragement, warning, incentive to noble endeavors to their sons and daughters and not content themselves with bequeathing them things only — wills crystal-clear but ice-cold!

"We do not know . . . to what extent, if to any extent, his father's will with the trusts that continued forty years influenced Colonel Fries to go into the trust business."

We do not know, we have no way of knowing, to what extent, if to any extent, his father's will with the trusts that continued forty years influenced Colonel Fries to go into the trust business. Colonel Fries himself would not be able to tell what effect it had upon his decisions to organize a trust company in 1893 — just thirty years after his father's death — when the eight-year-old boy had become the thirty-eight-year old man, with ten years more of the beneficent influence of his mother. But this much may be stated with assurance: Francis Fries's will is one of the finest examples of will-writing of the last generation — of any generation for that matter — and it could not but have brought the attention of his son to the passing of property from generation to generation.

John Fries, Colonel Fries's oldest brother, left the University of North Carolina when he was twenty-one, before he graduated, to assume his duties as one of the executors of his father's will. It is known that he had been profoundly impressed by the will, and it is quite probable that this led him to suggest that Colonel Fries organize a trust company rather than just another bank. As trustee under this will for his mother and three of his sisters, John Fries remarked again and again that such trusts should not be in the hands of an individual, with the natural uncertainty of life, but with a trust company, where the death of one man would not affect the management.

Lisetta Vogler Fries

Francis Fries

Chapter VII
His Distinguishing Qualities

We have followed through the life of Colonel Fries as a youth, as a college student, as a textile manufacturer, as a railroad builder, as a banker, as a trust man. We have gone back in the history of the church of his faith to its very beginnings to learn, if we might, what it taught and what its devotees practiced that would make him turn his attention to the trust field and, after he had entered it, cause him to have a notable success in it. Inside the church, as a circle within a circle, we have traced his ancestry with some detail back to the resuscitation of the church early in the eighteenth century. We have gone rather intimately into the home life of his childhood and youth to find the forces at play upon his young life.

Having done all this, we have yet to seek the answer to the question, Why has Colonel Fries succeeded so notably in the trust field? What special combination of qualities has he?

Earlier in this study we defined a trust man as one whose lifework is settling estates and administering trusts, and undertook to show that being a trust man is more an attitude than a title, that chairmen of board, presidents, and vice presidents of trust companies are trust men and others without any title at all are none the less trust men at heart. While so much is true, it is true also, as we have seen, that the work of trust men varies according to their duties in the institution with which they are associated. A trust man who is assigned to conduct the settlement of an estate or the administration of a trust in all its details must bring into play another set of talents — rather must apply them in other ratios — than the trust man who is the directing head of the institution as a whole.

During the first eighteen years of his career as a trust man, Colonel Fries acted in both these capacities. That is to say, he was both the executive head of his company and also the man actually in charge of the estates and trusts — the trust officer in fact but not in name. During the last eighteen years — that is, since 1911, the date of the consolidation of the Wachovia Loan and Trust Company and the Wachovia National Bank into the Wachovia Bank and Trust Company — he has had to delegate the actual handling of trust

business to his associates, so as to save himself for executive duties. So it is to be seen that his career as a trust man naturally falls into two periods of equal length — one as an administrative trust man and the other as an executive trust man. But he has never lost touch with the actual administration of trusts and no attempt will be made to distinguish between his qualities in one capacity and in the other. In fact, they cannot be distinguished, for they shade into each other.

Let it be said also that the material for this chapter must, in the nature of the case, come out of the experiences and observations of his associates in the trust business. We alone have seen and still see him at work as a trust man — administrative and executive. We should be in the best position to know what qualities have made him so successful as a trust man. Yet it is difficult to judge accurately and impartially one who is still with us, and at such close range to get a true perspective for analyzing and classifying his qualities.

PHYSICAL ATTRACTIVENESS

Not the least of the advantages that Colonel Fries has had in establishing and maintaining himself as a trust man or, one might better say, as a business man at the head of the trust company, is his physical attractiveness. This is an attribute that not all men possess or can acquire; it is one that not all men use to the best advantage; but it is one, nevertheless, that should be used and may be used as any other virtue. Colonel Fries is now, at seventy-five, as he has always been, good-looking — strikingly so. His carriage is erect and natural, but never still. He is always well groomed. He dresses well and yet never showily. He observes with meticulous care the conventionalities of social life, doing the right thing at the right time in the right way — unconsciously, or perhaps it is subconsciously — the result of generations of gentle breeding.

This it is that has made so many of his friends and associates in the trust field from other sections refer to him as a southern gentleman. Now, there is no such thing as a southern gentleman, any more than there is a northern or eastern or western gentleman. Gentlemanliness is of no section or nationality or race. It comes clothed in cotton, or in velvet; walking, or riding in state; in poverty, or in wealth; unlettered, or learned. But whenever or however it appears, it is recognized and gives its possessor an advantage over those not so endowed.

Because Colonel Fries is good-looking and well dressed and gentle-mannered, people like to deal with him. They like to be in his company. Physical attractiveness not only helps one in making the approach to his fellow men but also helps to smooth over the rough places after business and social contacts have been formed.

PERSONALITY

Closely akin to physical attractiveness is what we call, for want of a better name, personality or magnetism. Though we may not define it, we may

illustrate it. As a boy in the country I enjoyed going to the neighborhood blacksmith and watching while he operated his forge in fitting horseshoes and shrinking wheel tires. Sometimes the charcoal fire in the bowl of his forge was out and, work his bellows as he might, no glow would come till he had started his fire again. He might put the iron shoe or tire into the bed of coals and take it out to find it as black or gray as ever. But most of the time there would be a live ember in the bed of charcoal, and as soon as he began to work the bellows lever, the spark would catch and soon the bed would be aglow. Then it was entrancing to me as a child to see the smith take his tongs and put the iron into the flame and see it change in color from gray to gold and then begin to glow like the coals themselves.

I have seen a similar transformation take place in men and women brought under the influence of Colonel Fries's personality. I have seen a glowing determination take the place of gray discouragement, opportunity open where there had appeared to be only a blank wall— all by coming into contact with Colonel Fries and that, too, at a time when he was worn and weary and carrying burdens of his own.

Call it personality or magnetism. Call it what you will. All great leaders of men have it, though it manifests itself in different ways. Napoleon had it. Lee had it. Roosevelt had it. The great captains of industry have it. They have something in their souls that does for the personalities they meet what the fire of the coal does for the iron. Such men are, of course, unconscious of this effect upon others. As one of our poets says, "An incidental greatness characterizes his unconsidered ways."

"There has never been, I think, a superior officer more willing and anxious to listen to any worth-while suggestions or criticisms of a subordinate."

One of the reasons for Colonel Fries's influence over other men is his respect for the personality of others. Other personalities rise and express themselves at their best in appreciation of his respect for them. This is very apparent to those who work with him day by day. He treats his associates as associates and not as subordinates. He confides in them. He advises with them. He makes them feel that their opinions are worth while. One of his associates said of him not long ago: "There has never been, I think, a superior officer more willing and anxious to listen to any worth-while suggestions or criticisms of a subordinate. Thus he has developed a body of intelligent co-workers rather than a group of incapable dependents."

Respect for Judgment of Others

Another quality, which is perhaps only a corollary of his respect for the personality of others, is his respect for the judgment of others. Leader that he is, he has a vision that is always beyond his reach and by the time one thing is done, his mind and heart are set upon something bigger. Once his mind is made up, he holds tenaciously to his judgment. But he does not force his judgment upon his associates. He lays his plans before them. He gives them time to think them through. He is not piqued if they do not see as he does. He bides his time and usually sees his associates come round gradually to his way of thinking. It has been interesting to see him wait years to attain a desired end

and, when he attained it, have the unanimous support of those who shared the responsibility with him. In many instances it was better that he waited; he was ahead of the time. Had he run rough-shod over the judgment of others, he would have impaired their usefulness as advisers and have imperiled the success of his project. One of his associates who has been with him since the first day he entered the trust field, says on this point: "He has always been willing to let his committees decide what Wachovia should undertake to do and what not. He has presented for consideration various possible ideas but never insisted upon putting them into the institution if his advisers did not agree." This is the slower way of getting to his objective, but it is the surer way, the way that assures permanent, not evanescent, success.

MODERN-MINDED

Colonel Fries is notably modern-minded. That is to say, he is always on the lookout for new and better kinds of trust services and new and better ways of doing trust service. One of the first things that he did after he organized the Wachovia Loan and Trust Company in 1893 was to send Henry F. Shaffner, his nephew and associate, to New York to study the latest and best methods of handling trust business. That has been characteristic of him all these years. He has gone to the centers and established contacts and friendships with the leaders of business, financial, and fiduciary thought and brought home to be applied to his own company the best ideas and suggestions he obtained. He has sent his young men to the largest and best trust companies to study their methods. He has sent representatives of his company to the various meetings of banks and trust companies to observe and report. He has urged them to consider their attendance upon such meetings as much a part of their work as if they were at home at their desks. The result has been that no trust service is in existence long without his finding out about it. Nor is it in practice long without his company's adopting it. Judge F. H. Goff of Cleveland, Ohio, conceived the idea of the community trust and put it into operation in his home city in 1914. A beautiful friendship had existed between Judge Goff and Colonel Fries. It was only a few years — before many communities had realized what the community trust meant — before Colonel Fries recommended that his board of directors create a community trust in each of the four centers in which it had offices at that time. The same was true of the life insurance trust that has come within the past six or eight years. He had heard the matter discussed at a trust company meeting. He saw in it possibilities for service. He encouraged his trust department to acquaint itself with and begin to develop a life insurance trust business. As early as 1921, when not one banker or trust company president in a hundred knew what a life insurance trust was, he read a paper on wills to his club in Winston-Salem, in which he advocated life insurance trusts.

This quality which I have called modern-mindedness has manifested itself in still another way. His associates, even the young men who have not yet been seasoned by experience, do not hesitate to make to him what might

be considered revolutionary suggestions. While he may not adopt the idea and will not if it is not sound, he will not squelch the exuberance of youth or the enthusiasm of inexperience. By encouraging suggestions, he has trained his associates to come to him with other suggestions, and in the course of time he has received suggestions that were sound and worth adopting. Whereas, if he had laughed or frowned or frozen a young man out of countenance, he might have saved time but he might also have lost a man.

"No man will grow old mentally who keeps his mind whetted, as Colonel Fries does, on the grindstone of the best thought of the time."

Another aspect of this quality is his interest in and familiarity with current literature. If you would know the leading new books of the day, scan the row of books on his library table at home. If you would know how he, busy man as he is, keeps up with the new books of the day, see the table of his room at a hotel. Always — without an exception so far as I can now recall — he has with him one or more of the books of the day.

Nor has he let his mind get into a groove. All his reading is not on finances or banking or trust business. He is interested in the biography, in the fiction, and in the religious thought of the day.

No man will grow old mentally who keeps his mind whetted, as Colonel Fries does, on the grindstone of the best thought of the time.

Boundless Energy

It is a common saying that a man has boundless energy, which is a rather extravagant way of speaking. But if there ever was a man of boundless energy, Colonel Fries is that man. Never a man of extraordinary physical vigor, beset in 1906 and again in 1912 and again in 1918 with serious illnesses, he reminds one of a blooded race horse that will start at the crack of the pistol and run as long as he can stand on his feet. He will sit through conferences that last throughout the day and into the night, and when the younger men are jaded and fagged and ready to quit for the day, he is still ready to go on.

Another angle to this extraordinary energy is that he never asks another to do a harder task than he himself is willing to undertake. His theory of leadership is expressed in the challenge, "Come on," not in the command, "Go on."

Attention to Details

Another quality of his leadership in the trust field is his attention to details in a business that, as all trust men know, is fraught with details. I do not mean details of bookkeeping or accounting, though there was a time when he not only kept up with them but did them himself. I mean details of personal service in trust administration.

There have been times when he has been imposed upon even by his associates, when he has taken on duties that others might as well have assumed. I know an instance when he, after he was seventy years of age, drove more than a hundred miles over a mountain road and back in order to have a heart-to-heart talk with a young fellow, the ward of his company and the son of an old friend, to keep him from dropping out of school and getting a wrong

start in life. Do you say that this was the business of the trust officer? Yes. Do you say that the president of a great trust company had more important things to do than driving over mountain roads to keep a boy from making a bad start in life? Yes. But, Colonel Fries is a trust man. That is what makes him do these things. It is in the blood.

Just as one need never fear to carry to him too revolutionary a project, so one need never fear to carry to him too small a problem about an estate or trust. He knows how to listen. He comprehends the point at issue. He becomes as much interested in deciding whether to encroach upon the principal for the sake of a widow and children as in deciding whether to reorganize or refinance a business. It takes time, but it impresses upon his associates that they, too, must give attention to details, and that personal service is the heart of trust business.

UNQUESTIONED INTEGRITY

His unquestioned integrity has made a profound impression upon his generation. One cannot associate him with anything that is questionable. When Evans Woolen, another great trust man, of Indianapolis, Indiana, was mentioned for the nomination to the Presidency in 1928 and Josephus Daniels wanted to tell the people in North Carolina how Woolen stood in his home state, he said in his paper, the *News and Observer*, that Woolen was trusted in Indiana as Colonel Frank Fries of Winston-Salem was.

"In his fiduciary relations he is governed by the same high sense of responsibility." Unconsciously Daniels paid Colonel Fries the highest compliment he could pay a man. I do not wish to enlarge upon his point. But such unquestioned confidence in his integrity has made people think that, if he was connected with an institution or a movement, it must be all right.

PUBLIC SPIRIT

Colonel Fries has been a man of public spirit. By this I do not mean that he has been an office-seeker. When he has been called into high and prominent service, as he was by Secretary McAdoo in the War Savings campaign of 1917-18, he has not hesitated, whatever the cost to himself, to answer the call. When there was need of reorganizing the business side of the Moravian Church of the Southern Province, he did not hesitate to take the lead. But he has preferred to show his interest by his contributions and by his advice rather than by his prominence in the movement itself.

RELIGIOUS NATURE

Now we come to that quality of his character which is, perhaps, the most striking and yet one it would not be in good taste to enlarge upon. I refer to his deeply religious nature. Yet another of his associates has said, "His honesty, integrity, high ideals, and deeply religious life have given him the entire confidence of the state and of the nation where he is known." This means something much deeper and finer than office-holding in church, or

religious professions. It means a deeply religious nature. To be sure he has held most of the offices open to laymen in the Moravian Church, and he has been teacher and Sunday School superintendent most of his adult years. But these positions are the least part of his religious life. In his sesquicentennial address at Salem in 1916 Colonel Fries spoke of "purposeful faith" or "faith with a purpose." That is a characterization of himself. His is a faith with a purpose, a faith that will not let go. Thus Bishop Rondthaler speaks of Colonel Fries's religious faith: "He is a very devout man. When he gets in a strain or struggle he knows where his help comes from. I do not think he would have succeeded as a trust man nearly as well as he has done if he had had merely a secular character. I do not consider him as a man interested in his fellow men merely in the sense of serving them. He does not have that kind of spirit. Their rights with Colonel Fries are deeper and call for more than merely surface assistance. There is his deeper reliance upon God and His help."

"I do not think he would have succeeded as a trust man nearly as well as he has done if he had had merely a secular character."

Bishop Rondthaler thinks that it is this deeply religious nature that has made him a great trust man. After recounting two instances in his early trust days in which he took hold of the businesses of friends who had died and worked them out and saved a sufficiency for the widows and children, he says: "While there was business in it, it was an act of friendship. Colonel Fries has put that into many a trust. To me he is the incarnation of the trust spirit, which is to take things up when otherwise they would be wrecked and handle them with skill and trustworthiness, making a financial transaction to be a beneficence. I think that is what has built up his great business. He loves to think out kindnesses for others. That, too, is of the essence of the trust spirit. If one does not have that spirit he will not make a very good trust man."

HIS ASSOCIATES

It follows that such a man as I have been describing can command the services of the best talent. Men like to be associated with such a man as Colonel Fries is. Consequently, he has been able to secure on his boards the services of the leading men of the community. He has been able to attract into his service the best talent among the young men. Nobody would be quicker than Colonel Fries to give due credit for what he has accomplished to the men who have been associated with him — some of them from his early years in the trust field.

The following tribute of one who entered the trust field under the tutelage of Colonel Fries and who is, himself, now the president of a large trust company in North Carolina, not only gives the estimate of an early associate but contains a fine character analysis: "I could not have had a better example and leader to look up to and learn from than Colonel Fries. His outstanding qualities which impressed me during my experience with him and afterward have been his industry, energy, consecration to the work of the institution he was trying to build, as well as his splendid natural business ability. . . . Colonel Fries possesses many of the fine qualities that go to make up the successful man. He has always been public-spirited, with an earnest desire

to help in every conservative way to build up the industries, small and large, in the territory in which his bank operates. His work through his bank has been an invaluable and important factor in the wonderful progress Winston-Salem made, and in fact his institution, as it has grown larger and larger, has been a valuable factor in the progress of the state. He is optimistic, yet conservative, and possesses unusual courage as a business man. He possesses that important asset — confidence in himself — born of a belief in himself, based upon strict honesty and faithful duty to the task he has laid out for himself. His clean life, entirely free from all habits that might interfere with his work, has been an inspiration to all who came in contact with him, and he has richly deserved the eminent success he has made as a banker, enjoying the full confidence and respect of all who know him."

"He has a fine community interest. He lives and works that Winston-Salem may become one of the best cities in the state morally, educationally, financially, and spiritually."

I close this chapter with a characterization of Colonel Fries from the pen of the late Dr. Henry A. Brown, who, though pastor of a church of another denomination, was a friend the past fifty years. "The saying of every one in Winston-Salem," writes Dr. Brown, "concerning Mr. Frank Fries is 'Let something good be said.' After a residence of more than fifty-two years in this city, I do not remember hearing an unkind word spoken of him. By strictly attending to his business and not meddling with the affairs of other people he gained the good will of all. He has a fine community interest. He lives and works that Winston-Salem may become one of the best cities in the state morally, educationally, financially, and spiritually. He helps to make it all he wishes it to be. When away from home visiting other cities he is on the lookout for excellencies and improvements that he may suggest them to our own people. He is a great city builder, working in many ways, out of sight, to make the city all it ought to be.

"He helps many people in a quiet way to better their financial conditions. He does not forget his friends when far away from them. By a friendly letter or some token of love he draws himself nearer to them than he has been before. He is not unmindful of his friends when financial success comes to them or when honors are conferred upon them. He enters fully into partnership with them in all their successes."

Chapter VIII
His Philosophy of Trust Service

Every man, it is said, has a philosophy of life, his own philosophy of life — a set of principles and motives, more often than not unexpressed and even uncrystallized in his mind — that guides him in his conduct. According to his philosophy, one regards life as a divine plan or an accident, as moving toward a beneficent end or toward destruction.

More than that, every man has some sort of philosophy of his lifework — some set of principles and motives — that guides him in the prosecution of his daily work. According to his philosophy he regards his work primarily as a means of getting his daily bread or as a way of serving his fellow man, as a way of developing his talents or as a means of accumulating an estate. While many elements — practical and ideal, objective and subjective — combine in the make-up of any man's philosophy of his lifework, certain ones predominate and give tone to one's life, making the sum total of it selfish or selfless, self-centered or public-spirited.

Colonel Fries has a distinct philosophy of life, a set of guiding principles — personal, social, religious; he has also a philosophy, no less distinct, of his lifework as a trust man — a set of principles that have guided him and of motives that have actuated him in the administration of individual trusts, in the development of a trust company, and in the promotion of trust company service throughout the country.

His philosophy of trust company service is to be found principally in the addresses and papers on trust subjects, which are comparatively few in number, in which he has discussed the trust company as a national institution and trust company service as a common need of mankind.

During the first years of his career as a trust man — 1893 to 1904 — we find no expression in address or paper that could be construed as a part of his philosophy of trust company service. During this period he was more a banker than a trust man. In 1904 he was serving as president of the North Carolina Bankers Association. But that year also he came into national prominence as a trust man.

"The fundamental concepts of trust company service are as applicable now as then; they are abiding because they are fundamental."

During the fourteen-year period 1890-1904, within which the trust company movement in this country may be said to have got its start, many trust companies so called came into existence — trust companies in name only, trust companies engaged in business utterly foreign to fiduciary service, engaging in practices calculated to bring fiduciary service into disrepute. The real trust companies of the country — the ones that were doing trust business along conventional and conservative lines, became disturbed, to some extent alarmed, over what appeared to be a tendency to prostitute the terms "trust company" and "trust company service." The Executive Committee of the Trust Company Section of the American Bankers Association sounded out the trust companies of the country on what they regarded as the most important subjects to be considered at the next meeting of the Section. The replies revealed that many trust men earnestly desired a discussion of the proper field for the trust company and of the abuses that had developed from their extraordinary privileges. The Executive Committee turned to Colonel Fries, then president of a small, local trust company in a small city a long way from the metropolitan centers, and asked him to make an address on Conservatism. This address, which was delivered in New York City on September 13, 1904, contained his conception of trust company service — his philosophy of trust service, if you please; and, though great changes have come in the trust company world since that address was delivered a quarter of a century ago, the fundamental concepts of trust company service are as applicable now as then; they are abiding because they are fundamental.

It is not necessary to quote this address in full; but the portions that relate directly to trust companies and to trust service state more accurately his philosophy on these subjects than any other expressions of his I have found.

ORIGIN OF TRUST COMPANY IDEA

"I deem it unnecessary in this presence," he said, "to discuss the question what a trust company is, or the fact that the trust company has become an integral and an abiding part of our body politic; but for special reasons I desire to refer to its origin and the ideas upon which it was formed.

"The rapid and unprecedented accumulation of wealth, the great enlargement of business operations by the substitution of the corporation for the individual, and the demand for trustees and agents of responsibility equal to the handling of stupendous affairs led to the formation of the modern trust company. It is in contemplation of law a person, 'an artificial being invisible, intangible, and existing only in contemplation of law,' and yet is clothed with ample powers and all the authority necessary to do anything an individual can do in the positions of executor, administrator, guardian, trustee, assignee, committee, or agent. In its conception the trust company was designed to stand in these relations and nothing more, and in point of fact it departs from its proper and fundamental sphere whenever it fails to perform or exceeds these trust relations. It is the creation of legislative enactment and its powers are confined to the express privileges granted in the charter. It can do only

what the charter specifies, and for that reason trust company charters are made very broad and very liberal; and it is right that they should be so, for the company must be prepared to do any and all things necessary for the conduct or winding up of any business or estate that may come to it for management or for settlement.

"These corporate agents or trustees have filled their appointed places so well and so satisfactorily that they are today recognized as necessities, and their marvelous growth in number and size is an unmistakable evidence of their usefulness and importance.

"The underlying ideas upon which they rest, the sentiment that gives to them their marvelous growth is the absolute integrity and the great financial responsibility with which they manage and protect the interests committed to them, and anything that in any way distracts from the one or subtracts from the other weakens their foundation and saps their strength.

"It is an interesting study to see how the older and worthier institutions have won their honored positions in their respective communities on these lines, and to apply their standards to the many that are springing up all over the country. The revelation is not in all respects reassuring to the trust company as such, and exhibits the fact that not a few have wandered or fallen from the standard set up.

Departures From Original Idea

"I have carefully studied the charter and the business as it is conducted of not a few, and find that there are companies operating under the name that are not trust companies at all. From the character of the business they do, they might with equal propriety be called land companies, life or fire insurance companies, bonding companies, guarantee companies, building and loan associations, or, perhaps, in some cases, simply promoters.

"I have sought for the cause of this apparent change of business under the trust company name and find that in some cases it has been occasioned by circumstances, while in other cases it is the result of a deliberate purpose.

"The growth of the trust company business is slow and sometimes very discouraging, and there comes to not a few the necessity for some means of support. This fact and the temptation to obtain profits cause the management to take up whatever presents the surest and quickest returns consistent with the charter. . . .

"It is not necessary to argue to this body that this condition of affairs is not as it should be, and that, sooner or later, it not only will bring confusion, but may bring discredit upon the name of trust company and the business it represents. . . .

"I do not want to be understood as saying that it is not perfectly right for any one to engage in either or all of the different forms of business enterprises that have been in different ways combined with those of the trust company, nor as saying that many of them cannot be successfully and properly conducted by the trust company in the capacity of agent; but I do

desire clearly to present the anomalous position the trust company as such is getting into, when other institutions are assuming to do its legitimate business and all kinds of business enterprises are being conducted under the trust company name. . . .

"The fact that the charters granted to trust companies must be very liberal and their terms expressed in language broad enough to cover all cases that may arise under the various positions they may be called upon to fill; the fact, also, that the trust company has grown rapidly and in all directions and under many varying and diverse conditions, and the future fact that the management in very many cases has been inexperienced, no doubt explain why the business has become so general in its character and in some cases so foreign to its original purpose.

" . . . the trust company acts for others and not for itself. It serves the interests it represents, and gets its compensation for the services rendered."

"Without attempting to analyze any special case, or even consider the various conditions that may influence any particular business, allow me to present the trust company as an abstract proposition, created for a specific and special work, and then see what it can and cannot with propriety undertake to do.

SPECIAL WORK OF TRUST COMPANY

"The trust company was conceived and organized to take the place of individuals in those fiduciary relations enumerated as executor, administrator, guardian, trustee, assignee, committee or agent; it will be observed that each and every one of these is a position of trust that is given or bestowed upon trust companies and is created either by an individual, by a corporation, or by a court of equity; that the duties incident to these positions compel the trust company to labor for and on behalf of persons or corporations outside of the company itself; that the character of the position is such that the utmost good faith is required and nothing inconsistent with the duties assumed or adverse to the interests involved would appear permissible. Broadly speaking, the trust company acts for others and not for itself. It serves the interests it represents, and gets its compensation for the services rendered. To engage, therefore, in a business incompatible with these relations would seem to be foreign to the purpose for which it was intended.

TRUST SERVICE AND UNDERWRITING

"Allow me to illustrate this briefly by referring to the insurance business that is sometimes found to be associated or combined with that of the trust company. The obligations assumed in their contracts by life, fire, and fidelity insurance companies subject them at all times to the certain payment of uncertain risks and losses that may, or may not, be compensated for the premiums charged. This hazard exists in each line of insurance. It carries the newer companies to destruction by scores, and the statement is constantly made that the older and larger companies subsist by reason of their immense resource that help to carry them along. Be this as it may, the risk is there, the hazard must be met and this is incompatible with the idea of a business that

should, if possible, be free from all risk and all hazard. I met this question in a practical way when I became associated with the Wachovia Loan and Trust Company of Winston-Salem, North Carolina, of which I am president. At that time the charter contained a clause authorizing it to do all forms of fidelity business. At the next session of the General Assembly a special act was passed, at our instance, repealing this particular clause and for the reason that it was thought to be improbable that any one, upon serious reflection, would select as executor of his estate or guardian of his children, a trust company that was known to be selling its endorsement to all classes of persons in official or clerical positions. The trust company can, however, with perfect propriety and profit, act as the agent of insurance companies, and as such write insurance for them; the difference being that in this case it maintains its position of agent, for which it was created, and does not assume the risks of a business foreign to its work.

"This illustration has been purposely chosen to emphasize the gross impropriety of a trust company becoming a promoter, or entering the field of speculation in any way; for if it cannot properly enter the foreign field of a legitimate business like that of insurance, it certainly should not attempt to enter that of speculation in any form."

The distinction between a trust company's underwriting life or fire or other risks and a trust company's serving as agent for companies that do underwrite such risks should be kept clear. Colonel Fries believes that it is entirely proper for a trust company to act as agent for insurance companies — other than life — but he does not think that a trust company should, itself, assume underwriting risks. . . .

Trust Service and Agencies

"If time permitted, the analysis of the other departments, more or less common to trust companies, would show the excellent work accomplished by each, and also show that in each of these departments the company may go to extremes and thus bring upon the business more or less just criticism; especially is this true in the various cases where the trust company is called upon to act as agent, and in which, even where it is acting with perfect propriety, it may suffer reproach on account of the character of the transactions of the principals.

"A great deal of profit has of later years come to certain trust companies through the reorganization of railroads or of large business enterprises, or the consolidation of kindred industries, and the underwriting of some of the resulting securities. This kind of business can be done with perfect propriety and much profit; the trust company can act as a depository for the exchange of bonds, as well as the subscription payments on the stock, as it is called in; it can attend to the issue of all stocks, for which it becomes the appointed registrar, and it can take for itself or its customer a certain part of the resulting securities. It can even join a syndicate and agree beforehand to take a fixed amount of such securities as may not be disposed of at a

satisfactory price and participate in the profits of such a syndicate transaction, provided such securities are backed by actual values and are of such a character as to rank as investment bonds.

TRUST SERVICE AND SPECULATION

"Opportunities have been and will be thus offered where perfectly safe and desirable bonds can be secured at prices not otherwise obtainable; but gravest dangers lurk in this class of business, and without the greatest caution the institution may find itself associated in exploiting an enterprise of doubtful merit and questionable success. It would not be wise to eliminate this class of business entirely from the sphere of the trust company's activities, because so many of the ventures presented to them are unworthy, and some of those that have been handled by them have proved to be failures. A trust company should consider this class of business with the greatest care and some degree of suspicion. The utmost caution should be exercised, not only in ascertaining the true merit and sound policy of the plans proposed, but also in ascertaining the character of the men presenting the project and the associates that will underwrite it. If any one of these three points is not entirely satisfactory and first-class, the trust company should not give it consideration. It cannot, without risk and great danger to its best interests, become associated in any way with an unsuccessful undertaking, much less loan its fair name to anything that is not absolutely above reproach.

" [Trust officers] should realize that the word 'trust' in its original and unperverted sense means that confidential reliance which one person bestows upon another's integrity, veracity, justice, and fair dealing, and that this beautiful word stands for the business in which they are engaged."

"These illustrations do not cover the entire field of the trust company, but they illustrate how the expansion or the abuse of its extraordinary privileges may affect the business. Greater conservatism is certainly necessary to preserve the high character of the trust company, and some steps might be wisely taken by this Trust Company Section to restrict the business within certain lines and certain limitations. It might, through concerted effort on the part of its members, so influence legislation that no new trust company would be chartered with less than an adequate capitalization, commensurate with the size and character of the community in which it will operate, and that no outside or inconsistent powers or privileges would be granted in these charters, and it can with propriety insist that greater care and conservatism be exercised by those now operating throughout the country.

TRUST SERVICE AND STANDARDS OF CONDUCT

"The best way, perhaps, to accomplish this later object would be to instill into the officers a proper realization of the high standard of rectitude that the nature of the business requires. They should realize that their institution cannot undertake to do what an individual, acting as a trustee, cannot do, and that any act or practice that would lessen the financial standing, or lower the reputation of the individual, will also and in like manner affect the trust company, no matter what its capital or earning capacity may be. They should realize that the business in which they are engaged is a noble and exalted one; that there is none more so; for what business relation can be

conceived as higher or holier than that of controller and conservator of the funds that support the widow and the orphan, and of financial adviser of the most innocent and confiding as well as the most needy and dependent members of society? They should realize that the word 'trust' in its original and unperverted sense means that confidential reliance which one person bestows upon another's integrity, veracity, justice, and fair dealing, and that this beautiful word stands for the business in which they are engaged. It is inscribed, as it were, in golden letters upon the banner under which the members of this Section of the American Bankers Association are advancing.

"It emblazons to the world the sentiments for which the business stands. It beckons its followers onward to worthier efforts and loftier aims. It leads away from the marshes that would entangle the business of the trust company with others of incompatible or of doubtful character, as well as away from the dangerous and rocky slopes of speculation and exploitation, toward the heights of unselfish and devoted service, upon which it will ever shine in its pristine simplicity and splendor."

One day several years ago Colonel Fries, returning from the spring meeting of the Executive Council of the American Bankers Association at White Sulphur Springs, West Virginia, stopped over a day in Charlottesville, Virginia, and visited Monticello. Under the spell of his visit to the home of the author of the Declaration of Independence and to the university that Thomas Jefferson founded, Colonel Fries, then and there, wrote an article on The Trust Company that reveals still more of his fine philosophy of trust company service.

The Trust Company: A Protector of Human Rights

"In the light of present-day conditions and the knowledge of the many developments that have taken place under our Constitution . . . declaring the inalienable rights of man, the trust company occupies a unique and important place. It is the instrument through which are perpetuated to others the rights [Mr. Jefferson] refers to and that our forefathers secured for us. Through it the individual can work on after he has passed away and, by will or trust, can direct how the fruits of his efforts can be made a blessing to those who may follow after him, building perhaps upon the very foundations laid by Mr. Jefferson in adding to the endowment of the University, which stands as a lasting monument to his memory.

"In contemplation of law the trust company is a legal person or entity clothed with special powers to act for persons or corporations in matters in which they cannot or do not wish to act for themselves. Through bequests or trusts carefully or specifically made property can be so devised that it will safeguard to others the advantages which the testator or benefactor has enjoyed or wishes others to enjoy. He can even provide for the conduct of his business after he can no longer attend to it himself, and there are many instances where the change has been most satisfactory and beneficial.

"The executor or trustee must be qualified in every way to fulfill the

responsible positions that may be contemplated. Few individuals do, but every trust company should, measure up to the most exacting requirements.

TRUST COMPANY IDEALS

"The trust company is designed especially to meet these demands and should be qualified in every way for the service which is growing in importance and exactitude each year. The highest type of service is essential, in ability, in legal knowledge, in business acumen and experience, in character above reproach, in financial responsibility to meet every need, and in devotion to the best interest of the trust down to the smallest detail.

"These ideals are not too high; they are attainable and should be reached. What troubles the mind of conscientious trust company officials is the consciousness that so few take these ideals seriously. The difficulties lie largely in the efforts of trust companies and banks to obtain profits and growth rather than superior service, when service is the real thing, in fact almost the only thing the trust company has to offer its patrons. . . .

"The highest type of service is essential, in ability, in legal knowledge, in business acumen and experience, in character above reproach, in financial responsibility to meet every need, and in devotion to the best interest of the trust down to the smallest detail."

COMPENSATION FOR TRUST COMPANY SERVICE

"The real trust company of the future will be an institution of this character, and when properly functioning it will be sought after by thoughtful business men for the administration of their affairs. With its development will disappear the often discussed questions of commissions and legal service. The thoughtful business man creating an important trust wants able, efficient, and unselfish service in the administration of his affairs and is willing to pay for such service. He is even suspicious of those who cut their fees for the sake of securing business.

LEGAL SERVICE

"The testator and the trust company both want a legal will or instrument ably conceived and carefully drawn, so that both will know and appreciate what is wanted and so safeguarded that no subsequent legal questions can arise. Neither the testator nor the trust company should draw the actual paper, but after full consideration and agreement as to what is wanted or necessary each should submit it to counsel for proper preparation. If the real interests are appreciated there will be no question as to the ethics about writing the will, for both parties will need and require the services of a lawyer.

ADMINISTRATION AND SETTLEMENT

"The administration of an estate or trust is quite a different matter from the settlement of an estate. Any one, even an inexperienced wife, can settle an estate, but properly to administer an estate requires skill and ability. To conserve the best interests of heirs and beneficiaries a trust company is almost a necessity; one large enough to protect the estate by needful advances or payments, with a correct accounting department, under a trust officer of known ability and experience, and carefully supervised to assure safe investments.

Advertising Trust Company Service

"The question still remains as to proper advertising and the ethics of setting forth in cold type the appeal for patronage. Truthful advertising is in keeping with good service, and no institution should be barred from stating facts or calling public attention to the character of its business, or referring to what has been done by it. The question is doubtful only when the nature of the advertisement makes it so — extravagant statements, unfair and untrue comparisons or reflections, offering to write wills without charge, or consultations of a legal character without consideration. Satisfied patrons become the best advertisement possible.

Education for Trust Service

"Seeing the conditions and appreciating the difficulties and dangers, we naturally turn to the cultivation of higher ideals as the remedy. Like Mr. Jefferson, we think that better education is the safeguard of the future. The trust company was formed for a purpose and has developed marvelously in recent years and has a high destiny to fulfill. Institutions of higher education can do a most excellent work by teaching the true functions of each class of financial institution and presenting the lofty ideals that surround the trust company and its peculiar field. Referring again to the University of Virginia, the thought persists that, if the trust company and what it does and should do, were made a part of a course of study there and in the other universities, it would be a great thing for the institutions themselves and it would be a blessing to the states in which they are located, and in which they are destined to do such noble and necessary work."

Here again Colonel Fries proved himself a prophet. Already leading American universities are beginning to offer courses of study in fiduciary law and practice. The Graduate School of Business Administration of Harvard University is offering this year (1929) for the first time a summer-school course for trust men.

Large Trust Companies

Colonel Fries believes profoundly that a trust company, properly to function, must be a large, strong, amply capitalized financial institution. In his article written at Charlottesville he expressed the idea that a small institution cannot render the best or safest trust service. In a later article — "The Trust Company: What Is It?" — he enlarged upon the same idea as follows:

"The trust company is not an accident but a necessary development of business and commerce. The gigantic enterprises today represent the accumulated capital of many, which under corporate control does vastly more than individual effort could possibly accomplish. The accumulation of wealth and the aggregation of capital have necessitated the formation of trust companies with ample capital to perform in a suitable way those functions for large interests that under the law were formerly performed by persons. Immense

industrial enterprises required large trustees; vast estates necessitate ample executors and administrators; multiplied interests demand agents of responsibility, ability, and experience. Thus the trust company was called into being to fill a real want. The increase of wealth and corporate control has caused trust companies to grow and multiply, and as they have increased in numbers and have grown in size and experience, they have demonstrated their fitness for the position for which they were created.

"Designed for large affairs they in turn must be large. They cannot be small and yet be well fitted for their legitimate work; having large capital and being large in their scope of usefulness, they can and do command the best obtainable talent for their management, thus presenting to the little and large enterprises, to the small and great estates, the best possible agencies for their management or settlement, when outside management or settlement is desired or made necessary. The large capitalization fits the trust company alike for handling the larger affairs for which it is peculiarly designed, and for handling the smaller ones which it can serve with equal efficiency. Its large paid-in capital is a guarantee to the beneficiary under the trust, against any loss from any cause. The larger the interest the greater the danger, therefore the larger the capitalization the more desirable the company, all other things being equal."

"Absolute fidelity is as necessary as great responsibility. Able management, together with strict honesty and integrity, are qualifications that underlie the foundations of all trust relations."

FIDELITY

One would expect a trust man like Colonel Fries to stress the character of the trust man quite as much as the financial responsibility of the trust company, and we find that he climaxes his argument that trust companies must be large with the statement that trust men must be faithful.

"Absolute fidelity," he says, "is as necessary as great responsibility. Able management, together with strict honesty and integrity, are qualifications that underlie the foundations of all trust relations. Confidence in the efficiency of the management and reliance on the honesty of its administration is the very strength of the trust company, and must ever be its principal asset so long as it does the business it proposes to do. The trust company is known by the kind of business it does, the responsibility it possesses, and the character of administration it offers."

CONTINUING RESPONSIBILITY

At the third annual banquet of the trust companies of the United States held in New York City in 1913, the late Colonel George Harvey, in the course of a tribute to J. Pierpont Morgan, Sr., said of him, "Mr. Morgan was in truth a trustee rather than a banker. He was not a mere manufacturer of securities. He was a constructor of properties, and when he had builded a property and placed the evidences of ownership in the possession of the people he did not count his work as finished. His was a continuing responsibility. He recognized a direct personal obligation to those who had evinced faith in his judgment. He considered it to be his duty to watch over and to safeguard the

interests of his clients. In this way he became a trustee of billions of money for millions of people — the greatest trustee probably the world has ever known."

This is Colonel Fries's philosophy of trust companies and of trust service also. He regards a trust company as a conservator of properties. His is a continuing responsibility. He recognizes a direct personal obligation to those who have evinced faith in his judgment. He considers it to be the duty of himself and his company to watch over and safeguard the interests of its clients. To him something sacred is implied in the word "trust." To him it expresses in the finest sense confidence in the righteousness, integrity, and character of another.

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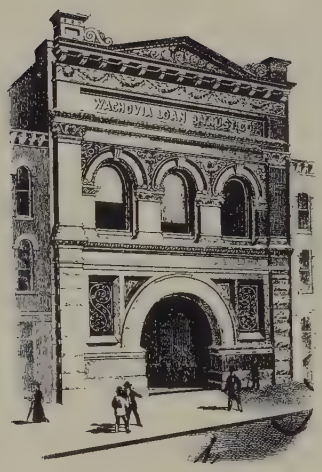

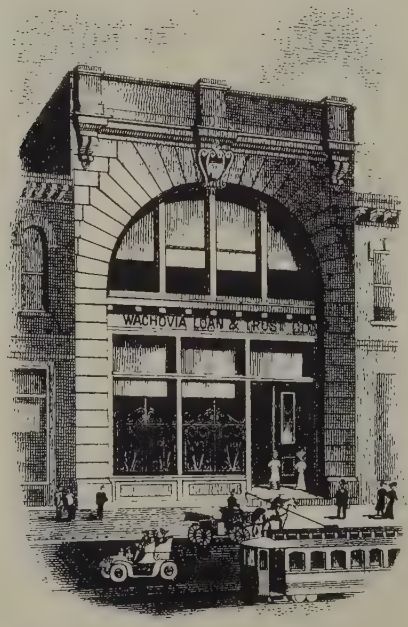

The first permanent office of Wachovia Loan and Trust (upper left) and three of its earliest branches, established in 1902 and 1903: Salisbury (upper right), Asheville (lower left) and High Point (lower right).

Chapter IX
The Trust Company He Established

We sometimes speak figuratively of an institution as the lengthened shadow of some man. So it has been said of the Wachovia Bank and Trust Company, that it is the lengthened shadow of Colonel Fries. There is some truth, to be sure, in this imagery. But I prefer to think of the Wachovia Bank and Trust Company, first of all, as the monument of Colonel Fries's efforts as a trust man, and then as the instrumentality through which he has done his work as a trust man. As a general cannot be a general without having an army to lead, so a trust man cannot be a trust man without having a trust company to work through.

While I do not relish the figure of the Wachovia Bank and Trust Company as the lengthened shadow of Colonel Fries, I am fully aware that its course as a trust company and his career as a trust man are inextricably interwoven, that it will be a long time before one thinks of the one without thinking of the other. In Washington City there is a unique and remarkable copy of the Constitution of the United States. Examining it closely, one sees simply a chaos of irregular lines and peculiar lettering. But, stepping back and viewing it in proper perspective, one is surprised to see the face of George Washington emerge in clear delineation. One then realizes that the lines have been so placed and the letters so shaded by the artist as to produce a likeness of the Father of our Country. So also after time, to anybody with only a close-up view of the Wachovia Bank and Trust Company, it may seem to be nothing but a trust company; but, if he will step back in point of time far enough to see it in true perspective, he will see it as the embodiment of the ideals of Colonel Fries as a trust man.

"To anybody with only a close-up view of the Wachovia Bank and Trust Company, it may seem to be nothing but a trust company; but, if he will step back in point of time far enough to see it in true perspective, he will see it as the embodiment of the ideals of Colonel Fries as a trust man."

This chapter brings into the picture some of the men who have enabled Colonel Fries to do his work as a trust man. In discussing the sources of his success I mentioned as one of his special qualifications his ability to attract to his service strong associates. I now mention some of these men; though few, if any, of them are widely known in the trust company world, they deserve to share with Colonel Fries (and he would insist upon their sharing with him) the credit for establishing and carrying on a great trust company.

CONDITIONS IN 1893

It is difficult to think back from 1929 to 1893 and picture Winston and Salem (two separate towns) and North Carolina of that time. Winston was a small town of 7,000 people and Salem a still smaller one of 4,000. Up to the year before, they had been on a branch line of a railroad, but then they had been opened to the world and the world opened to them through the Roanoke and Southern Railroad that Colonel Fries and his associates had built and leased to the Norfolk and Western. A few of the textile, furniture, and tobacco factories that make Winston-Salem — the twin city now — one of the industrial centers of the South were in their infancy, but for the most part, they were still in the lap of the future.

North Carolina was not then, as it is now, one of the foremost states of the Union. It was still one of the poor Southern states, struggling with the poverty that beset the South after the Civil War. It was still one of the states in which illiteracy — among the white people as well as the colored — shackled the ambitions and blinked the eyes of the people to opportunities; for 1893 was almost ten years before the educational renascence under Governor Aycock. It was still in the throes of the political upheaval brought on by Reconstruction, in which ignorance and inexperience and, in some cases, gross incompetency held the reins of government; the days of Fusionism and Populism, at the thought of which we shudder, were still to be lived through within the next half-dozen years after 1893. The state was still in the mud, for it was fully twenty years before automobiles came into general use and created the demand for good roads, and thirty years before the state achieved international distinction through its ambitious road-building program. The state was still almost wholly agricultural, and agriculture had still to go through the period of seven-cent cotton and prices of other farm products to match. People who have known North Carolina only during the past decade — since the World War — cannot realize the real courage that it took to launch a trust company in a community of scarcely more than 10,000 people thirty-six years ago. And only against this background can they appreciate the significance of the accomplishment of winning a national reputation for a trust company within the lifetime and under the leadership of one man.

"The Wachovia Loan and Trust Company . . . is managed by men of high character and large wealth, and will grow into one of the greatest institutions of the South."

THE PROPHECY

Yet it seems that from the beginning it was taken for granted that Colonel Fries would make a success of this venture into the trust field. In the year 1893, only a short while after the Wachovia Loan and Trust Company opened for business, the *News and Observer* of Raleigh, North Carolina, said: "The Wachovia Loan and Trust Company is a strong institution and is equipped to do in North Carolina what the Baltimore Loan and Trust Company does in Maryland. It is managed by men of high character and large wealth, and will grow into one of the greatest institutions of the South."

The same year, on June 7, the *Daily Sentinel* of Winston-Salem said:

"This institution [the Wachovia Loan and Trust Company] whose card appears for the first time in this issue of our paper, is the first of its kind in the State of North Carolina and promises to be as successful and valuable to the community here as they have been wherever started. The men who started it are well known to the public, being among the best and most successful business men in the State, and any trust committed to this institution will not only be honestly but ably executed."

In July, 1898, five years later, the Winston *Journal* said of the Wachovia Loan and Trust Company: "The growth of this institution has been wonderful. Beginning business in 1893 they have continued rapidly to extend until today their report shows resources of over three-quarters of a million dollars. Their deposits are now equal to the entire bank deposits of the city in 1894, an increase of business from that date of over 337 per cent. This young giant in the financial world is making some tremendous strides. It is splendidly managed and gives promise of a most prosperous future."

ITS AGE

"Wachovia Bank and Trust Company . . . is one among the eldest trust companies in the United States."

Measured by the age of other trust companies, the Wachovia Bank and Trust Company, which was chartered in 1891 and organized in 1893 and is now in its thirty-sixth year, is one among the oldest trust companies in the United States. To be specific: It antedates three-fourths of the 2700-plus trust companies of the United States, nine-tenths of the trust companies of the South, and all but two of the trust companies of North Carolina. The two in North Carolina that are older are the Wilmington Savings and Trust Company (1888) and the Branch Banking and Trust Company of Wilson (1889).*

ITS ORGANIZATION

The Wachovia Bank and Trust Company, though chartered as the Wachovia Loan and Trust Company in February, 1891, was not organized until February, 1893. It began business on the fifteenth day of June, 1893, with a capital of $150,000 and with deposits of $98,095 at the close of the first year's business. Its first office was the wooden building on Main Street, Winston, almost opposite the original Wachovia Loan and Trust Company Building. The first president, Colonel Francis Henry Fries, was elected February 16, 1893, at the age of thirty-eight, and is the only president the company has ever had.

The associate of Colonel Fries from the beginning was Henry Fries Shaffner, his nephew, who was elected secretary and treasurer March 7, 1893, and is still actively connected with the company as vice president. Mr. Shaffner had graduated from the University of North Carolina in 1887, and

**Editor's Note: While both of these institutions — along with The Fidelity Savings and Trust Company of Durham (1887) were granted a form of trust powers in their charters, their trust operations did not begin until much later.*

had engaged in business in Salem the next six years, and had come to the Wachovia Loan and Trust Company at the age of twenty-six.

James A. Gray, Sr., of whom more will be said in connection with the Wachovia National Bank, was elected vice president in April 6, 1893, but was an inactive officer until later.

The original directors of the Wachovia Loan and Trust Company were F. H. Fries, James A. Gray, Sr., J. E. Gilmer, C. H. Fogle, J. C. Buxton, J. H. Millis, T. L. Vaughn, and R. J. Reynolds, of whom Colonel Fries and T. L. Vaughn are the only survivors.

Colonel Fries thus describes the humble beginning of the company: "In 1893 we organized with Mr. Henry F. Shaffner and myself as the only employees. We dusted the chairs and swept up the floor and polished the handle of the big front door. We had a safe that carried the books safely, but Mr. Shaffner carried home every night in a little tin box and slept on all the money we had. We occupied a frame building that had been a millinery store, with a partition in it; he kept the books and acted as cashier, while I attended to the loans. In about a year we put up a building across the street, moved into our own building, and added a teller, a bookkeeper, and a janitor."

THE YEAR OF EXPANSION

The first ten years of its existence the Wachovia Loan and Trust Company was a purely local institution. While the Winston *Journal* in 1898 described its growth as wonderful, it embraced in its comparison only other local banks, saying its deposits were then equal to the entire bank deposits of the city in 1894. By the end of the first decade its deposits were over $900,000 and its resources over $1,200,000, large for that day and time.

The year 1903 stands out in the history of the Wachovia Bank and Trust Company as its year of expansion and as the year in which it made its first bid for state-wide patronage. That year it opened branch offices in Asheville, Salisbury, High Point, and Spencer (the last operated only until December 15, 1914, when it was sold to the First National Bank of Spencer). It was nearly twenty years — August, 1922 — before another branch office was established outside Winston Salem — the last one being the Raleigh office.

THE CONSOLIDATION

The next eight years — that is, from 1903 to 1911 — marked a steady and substantial growth. The deposits increased from $900,000 to $5,000,000. The first issue (April, 1909) of the *Solicitor,* the predecessor of the *Wachovia,* the monthly publication of the company that is now in the twentieth year of its continuous existence, referred to the Wachovia Loan and Trust Company as "the largest financial institution in North Carolina."

On January 1, 1911, the Wachovia Loan and Trust Company and the Wachovia National Bank consolidated under the name Wachovia Bank and Trust Company and continued operation under the charter of the trust company.

The Wachovia National Bank had been chartered in 1879. During its first year its capital had been increased from $100,000 to $150,000. W. F. Bowman was president, E. Belo, vice president, W. A. Lemly, cashier, and James A. Gray, Sr., assistant cashier. Upon the death of Mr. Bowman in 1882, Mr. Lemly became president and Mr. Gray, cashier. Mr. Gray became president in 1906. The last statement of the bank before consolidation showed loans and investments $1,053,228, capital $150,000, surplus and undivided profits $210,012, and deposits $863,328.

The officers of the Wachovia Bank and Trust Company after the consolidation were F. H. Fries, president, James A. Gray and T. S. Morrison, vice presidents, H. F. Shaffner, vice president and treasurer, and James A. Gray, Jr., secretary and assistant treasurer.

The directors were T. B. Bailey, H. Gray Chatham, L. H. Clement, F. H. Fries, H. E. Fries, J. W. Fries, A. H. Galloway, J. E. Gilmer, E. E. Gray, James A. Gray, P. H. Hanes, Jr., A. J. Hemphill (chairman of the board of the Guaranty Trust Company of New York), T. S. Morrison, W. M. Nissen, J. K. Norfleet, C. D. Ogburn, E. W. O'Hanlon, H. A. Pfohl, R. J. Reynolds, W. N. Reynolds, Wescott Roberson, W. C. Ruffin, H. F. Shaffner, and W. T. Vogler. Of these twenty-four, eleven have passed away; namely T. B. Bailey, H. G. Chatham, L. H. Clement, John W. Fries, J. E. Gilmer, James A. Gray, A. J. Hemphill, T. S. Morrison, R. J. Reynolds, W. C. Ruffin, and W. T. Vogler.

James A. Gray, who was president of the Wachovia National Bank at the time of the consolidation and who became vice president of the trust company, was a native of Randolph County, North Carolina, but had moved to Winston in 1852, when he was only six years old and when Winston was only a village. He had served with honor in the Confederate Army, had been captured at Fort Fisher and imprisoned at Elmira, New York. After the Civil War he had returned to Winston, engaged in business, and in 1879 had been instrumental in organizing the Wachovia National Bank. Thereafter continuously, for nearly forty years, until his death in 1918, Mr. Gray was actively and prominently identified with the business and financial interests of the Piedmont section of North Carolina.

His younger son, James A. Gray, Jr., had entered the employment of the Wachovia National Bank as manager of the savings department immediately after his graduation from the University of North Carolina in 1908. At the time of the consolidation he was made secretary and assistant treasurer of the resulting institution. In 1915 he was elected treasurer and in 1918 vice president. In 1919 he withdrew from active connection with the Trust Company to become a vice president of the R. J. Reynolds Tobacco Company.

Commenting upon the consolidation in 1911, the Durham *Sun* said editorially: "Fortunate Winston-Salem! Happy people to have in their midst such an organization as the Wachovia Bank and Trust Company. It was built well. It is composed of gentlemen who are the salt of the earth. The Grays, the Frieses, the Reynoldses, the Gilmers, the Haneses. We have known them for thirty-odd years and there are no finer men in our borders, or out of them

for that matter. . . . We congratulate the Wachovia Bank and Trust Company upon its achievement, growth, and prosperity. May it continue to grow and expand and be a blessing to its highly favored community."

THE DEPARTMENTS

Since the consolidation in 1911 the Trust Company has become completely departmentalized. It maintains a separate department for each distinct financial service. . . .

In the Wachovia Bank and Trust Company, as in other departmentalized institutions, the supervision of the different departments is delegated to committees. In his annual report to the stockholders in 1928 Colonel Fries gave a list of the committees with a brief statement of each. He said:

"The Board of Directors annually elects the following committees:

"An Executive Committee whose duties are confined to questions of policy, salaries, fiduciary bonds, or any business referred to it by committees of offices. This committee meets at the call of the President.

"A Loan Committee that supervises all loans made at the Home Office and other offices, as they are reported by the officers in charge.

"A Trust Committee that passes upon all trust investments made at the Home Office, Asheville, Raleigh, or any Office where a regularly constituted committee is functioning, and has an advisory control of the management of each trust.

"A Bond Committee that has a general supervision of the purchase and sale of such securities as are dealt in by this department.

"An Auditing Committee that annually, or oftener, examines the loans and investments of the Banking Department.

"An Auditing Committee for the Trust Department that visits each office and examines all trust investments belonging to every trust.

"These Auditing Committees have at their command the report in detail made twice a year of each office and every department by your Auditing Department, which department cannot be spoken of too highly.

"A Public Relations Committee that supervises all advertising and new business plans and activities. To the work of this committee may be traced much of our growth in all departments.

"There is a department of great efficiency, not usually known, that has charge of our Bank Correspondents and the purchase and sale of Government securities and State bonds.

"A Purchasing Committee that has standardized all forms and supplies and supervises all purchases in quantity, with the result that much saving is accomplished.

"An Insurance Committee that helps the Insurance Department.

"Each Office follows these general lines with the local committees for loans, trust investments, new business, insurance examinations. Annual reports are made at each Office and then forwarded to the President, from which this general report is compiled.

"The Chairman elected by each local board is a member of the Board of Directors and ex-officio member of all local committees.

"Every board, committee, and officer is charged with duties that in no way conflict with one another, but harmonize and head up in a strong and practical working organization that can, and does, get the best results.

"There are also special committees appointed from time to time; as, for example, the Building Committee in charge of buildings undergoing remodeling or construction.

"There are twenty committees of which the President and each Vice President are ex-officio members.

"There are fourteen Executive Officers and thirty-two Junior Officers. The total force of officers and employees is between three and four hundred."

TRUST DEPARTMENT

Designed from the beginning as a trust company and announced by the *News and Observer* of Raleigh on April 7, 1893, as "the only institution of the kind in North Carolina," [Wachovia] nevertheless, operated nearly twenty years and assembled $1,400,000 trust assets before it had a trust officer so called. During the early years Colonel Fries himself did much of the trust work in his own handwriting. That was before typewriters and bookkeeping machines and other mechanical devices were in such general use. It is interesting now to find many of the accounts and reports and other documents of early trusts of the Wachovia Loan and Trust Company in Colonel Fries's meticulously careful handwriting.

A. H. Eller was the first and is the only trust officer the Wachovia Bank and Trust Company has ever had. He assumed his duties as of August 1, 1912, after twenty-five years' active practice of law in Forsyth and adjoining counties. Mr. Eller is a native of Wilkes County and a graduate of the University of North Carolina. Even after he became trust officer Mr. Eller continued six years longer in the practice of law, dividing his time between his practice and the work of the trust department. Between 1911 and 1918 the number of active trusts in his charge had increased from 145 to 329, and the trust assets from $1,441,554 to $7,683,415. In 1918 he retired from the practice to devote himself exclusively to trust business. Since that time the trust department has grown by leaps and bounds. . . . Mr. Eller has called to his assistance three associate trust officers, including R. G. Stockton, who had been his law partner, and seven assistant trust officers, besides a large corps of accountants, bookkeepers, investment men, and tax experts. There are now seven lawyers in the constant employment of the trust department at the head and branch offices.

ITS RELATION TO OTHER TRUST COMPANIES

The organization of the Wachovia Bank and Trust Company — its departments, its offices, its committees — is given in so much detail with the

hope that it may be of some service to trust men elsewhere who have organization problems similar to those of this company. The Wachovia Bank and Trust Company is a large institution beside the general run of financial institutions of the country; it is a small institution beside the few mammoth metropolitan banks and trust companies. It must still count its resources and trust assets by millions, while the latter — only a few, however — count theirs by the billions. But let this be said: The Wachovia Bank and Trust Company occupies an enviable position, in that it is large enough and strong enough to handle the largest estate in North Carolina without overloading its equipment or its personnel; yet it is small enough to maintain its personal interest in and its personal contact with its least, humblest beneficiary.

ITS TRIBUTE TO ITS PRESIDENT

In October, 1927, the Board of Directors of the Wachovia Bank and Trust Company authorized its Executive Committee to have an oil portrait of Colonel Fries made and placed in the Directors' Room. The commission was given to Albert Salzbrenner, artist of New York and Atlanta. On April 10, 1928, the portrait was unveiled with fitting ceremony by Colonel Fries's little grandson. Tributes were paid to Colonel Fries by R. M. Hanes for the officers and by J. K. Norfleet for the directors. A handsome brochure containing these tributes was printed for distribution among Colonel Fries's friends. Mr. Norfleet closed his tribute with these fitting words:

"He has wrought well and has lived up to the true ideals of good citizenship; he has attained national reputation . . . and reflected credit on our city and state in the development of this institution. We, who as Directors share his responsibility and profit by his leadership, honor ourselves when we pay this tribute of respect, in gratitude for his past service and confident assurance of that future faithfulness, which will bring even greater success to the Wachovia Bank and Trust Company."

Chapter X
His Conception of the Trust Company Of the Future

Colonel Fries believes that we are at or near another turning point in the history of the trust company movement in the United States. His judgment is that the rapid increase in the number of corporations — state banks and national banks, as well as trust companies — holding themselves out to do trust business will attract the attention of the public to trust institutions as a state and national enterprise rather than as merely local enterprise. He sees in the properly conducted trust company a valuable community asset — one that exists for the benefit of the community as a whole as well as for its own beneficiaries. He has concluded that the next step in trust company development will be the breaking up of single corporations now doing many financial services, including trust, into several corporations, each doing a distinct financial service. Knowing that he had these ideas of the future of the trust companies of the country, and thinking that he might prove himself to be a prophet again as he was in 1904, I asked him to contribute as the final chapter of this book his conception of the trust company of the future. What follows is the harvest of counsel from thirty-six years of experience in the trust field:

"The organization of trust companies for the better settlement of estates and more efficient discharge of all the duties incident to the fiduciary relations with individuals and corporations has in recent years become a necessity, and the multiplication and growth of trust companies in quite recent years has been simply marvelous.

Companies Entering Trust Field

"There is a well grounded fear entertained by not a few thoughtful persons that danger exists in the great anxiety of so many banks, without experience and proper equipment, to get into the trust business. Too many of them do not realize how slow the development of trust business must of necessity be. The greatest danger, perhaps, lurks in the idea that trust companies operate for the greatest possible profit, without a proper appreciation of the fact that trust institutions have nothing to offer but service,

experience, and financial responsibility, and that they can receive no compensation except that derived from commissions fixed by law or contract.

HUMANIZING IMPERSONAL SERVICE

"Neither the larger institutions nor the many smaller ones that are now entering the trust field are in all cases equipped in every way to give the best trust service. In some cases they may or may not have sufficient financial responsibility to meet the necessary requirements. Even if they are so qualified, they may lack the necessary equipment and experience properly to conduct the business. These trust institutions, though they are clothed with ample powers — in some cases too liberal and too numerous — are, nevertheless, governed by strict laws and court decisions that are made necessary by the impersonal nature of corporations. In many cases the impersonality of the corporation is a distinct advantage, and yet the idea of even trying to administer a trust in an impersonal way seems to be anomalous. For this reason, as well as for the better administration in other ways of every kind of trust, a separate and distinct department is organized in each institution doing a successful trust business, which department is presided over by men who, by their interest and sympathy, supplement the good qualities of the impersonal corporations with which they are connected.

ESSENTIAL PERSONNEL

"The personnel of each trust department in a large measure determines the success of the department. . . . Many of the smaller institutions cannot command the talent requisite for this work. Yet the best equipped trust officer is needed, no less for small estates and trusts than for large ones. What are the trust officer's qualifications? Only a man of the highest character should be chosen. To the attributes of honesty, integrity, and high moral principles must be added legal knowledge, business acumen, and skill, with diligence and unselfish devotion. Withal he must have sympathy and devotion to duty, that will assure great faithfulness to every fiduciary interest. These qualifications should apply not only to the trust officer but, as far as possible, to the entire personnel of the department. The proper administration of trust requires direct supervision by some employee familiar with each estate, one who can be easily approached at all times, one who can and will take time to discuss with interested parties the details of their individual estate or trust, and one who will at all times personally supervise the affairs under his or her direct charge. This provision is essential, however expensive it may be, and in some cases it may more than consume the entire commission obtainable from the estate or trust.

"This personal contact and individual relationship must be maintained. In those institutions that make a specialty of trust business, this feature requires a host of specially trained men. This kind of contact alone builds up and maintains that confidence which satisfies clients and supplies

the real base upon which the corporate fiduciary grows or can grow successfully.

"Whenever a trust of whatever nature is once accepted, the responsibility of its administration must be assumed, and its requirements must be met. The manifold duties incident to the enlarged powers and the greater latitude now granted in trust instruments impose upon the trust companies today greater responsibilities than formerly; and with them are now coupled moral responsibilities not dreamed of as even a remote obligation years ago.

"The reputation and success attained by trust companies in the past have been due to the spirit of devotion exercised by them and to the high ideals they have fostered and maintained. The growth of their resources and their earnings is not the measure of their success. The measure, rather, is the way in which their work has been done. Their future growth will depend upon the principles they inculcate and practice.

Trust Company a Community Asset

"The trust company is not a public institution, not nearly so much so as a commercial bank; and yet, when properly organized, equipped, and manned, it is a distinct community asset. Its relations with its patrons are of the most confidential nature. Through its intimate contacts it exercises, in season and out of season, an influence for correct business principles and higher standards of morals and living that extend far beyond the circle of those for whom it is directly responsible.

Personal Service

"The proper administration of an estate, including the efficient handling of the important interests that are affected in a community, is of itself important. The successful adjustment of a tangled and, perhaps, a financially involved business is most desirable. Proper accounting in all cases and the careful handling of inventories, taxes, court returns are, of course, intricate and necessary. But all together these relations are relatively small to the beneficiaries and to the community compared to the true trust relations incident to the care of the family and dependents and to the training of the children, many of whom are made orphans by the death of the testator. These sacred relations are often the sole moving cause for the making of a will or trust, and the real trust company must assume these higher responsibilities, not only for the benefit of the widows and the orphans, but for the community as well. These responsibilities are still further extended when the trust company becomes the trustee for orphanages, churches, and other charities, that in their perpetuity create for the community a real asset for years to come. In trusts left for the higher education of the deserving high-school graduates, it, through its selection and care, does for the community a real service most important and necessary, one that can be valued only by the future generations of the community that will be enriched and enlightened by these benefactions, thus enlarged and strengthened by an able and sympathetic trust service.

TRUST INVESTMENTS

"There is still another service of real value, that becomes a distinct asset to the community. It is the investment of the funds in the hands of the trust company, which in their very nature demand not only the best security but especially the best administration of the business or property upon which investments rest. It is necessary that the income on trust investments be regular and prompt. This, in turn, compels the regular and prompt payment of the interest thereon. If the investments are in incorporated companies, it becomes necessary for the trust company to retain for the trust only those that are good. While as a matter of policy, the trust officer may prefer the securities of companies located in towns in which the beneficiary may live, he should consider only those loans or investments that show proper and correct management and regular growth. With these conditions mandatory, the influence exerted by a well managed trust department is all the while not only toward conservation, but also toward furnishing a stimulant for better business methods, brought about by the encouragement of the good and the discouragement of the indifferent management of those corporations or institutions, where securities are offered upon the financial market.

HABITS OF THRIFT

"Last but not least, the trust company is a silent and yet a real community asset in the constant influence it exerts to inculcate habits of economy and thrift, which is often much more potent than a parent's influence.

TRUST COMPANY A STATE INSTITUTION

"The well managed trust company not only is a community asset, but also becomes a social influence that extends throughout the commonwealth. Some trust companies are operating in various communities throughout the state, and each office becomes a center of beneficent influence that radiates in all directions. Its standards and ideals tend to become those not only of the local community but of the state in which it operates.

TRUST COMPANY AS A NATIONAL INSTITUTION

"We can measure the total value of the trust company and its influence, only when we consider it as a national institution. Multiply the advantages derived from one institution by about four thousand trust companies and banks (for there are now about that many, that are now doing or are qualifying to do trust business in the United States), and we can begin to estimate the influence they should and do exert.

"It is reasonable to suppose that this number will, in the near future, be greatly increased, and that their assets will mount into billions of dollars. This reflection makes it the more necessary that trust company ideals and trust company service be maintained and made better and better.

"In view of the number now engaged in this business, the number that

are trying to go into it, and, last but not least, the enlarged powers given to trust companies and the larger scope of their responsibilities, the thought suggests itself: How can trust service be improved, and how can its ideal be maintained and strengthened? It would be folly to try to stem the tide that is at this time setting in this direction. It would be useless and grossly misunderstood if serious opposition were offered to the multiplication and development of other trust companies, nor would it be wise to attempt it, for many of those now starting will doubtless see the vision and aid in the broader and better accomplishments.

Segregation of Trust Companies

"The present development of the business is most certainly drifting very fast toward some change that will stem the tide and stabilize the business of the future. This may come through national legislation, or, perhaps, it will be forced by the necessities of our rapidly growing and developing commercial business. Larger and more important units will develop. This may lead to clearly defined segregation of trust functions and to their more definite separation from general affairs of the company. At present the trust company is, in many cases, a bank with the trust powers. The administration of its trusts is in the hands of one and the same set of officers who operate the bank. The better trust company has a distinct trust department with trust functions completely segregated and with separate administration. . . .

"The advantage of this separate and distinct administration is that it insures a more specialized handling of each, a more definite responsibility, and altogether a more intelligent administration of the whole. . . .

"The attempt to do trust business with an inexperienced force and an inadequate financial responsibility will hasten the passage of legislation to separate the businesses of banks and trust companies. This appears to be inevitable, and the sooner it comes to pass, perhaps, the better for trust companies and their patrons, as well as for the character of the service they should and will render. Trust patrons deserve the best, nothing is too good for them, nothing short of the best will, under these circumstances, be offered; and only those trust companies that then measure up to the standards that will be demanded can stand the strain. Men will not then say, 'I have made my will and named my wife my executrix and guardian for my children,' or 'My bank does trust business and I will let it have my estate to handle.' They will approach the important question, the most important in every business life, and will ask only one question, 'Where can I get this business of the administration of my estate done the best?' They will not shop around for the cheapest administration, but will seek to find and employ that trust company which has unmistakable responsibility and the best equipment to do the things men cannot longer do for themselves and their loved ones.

"The successful trust companies of the future will undoubtedly be . . . presided over by none but the most competent officers, skilled in the law and in business and actuated by the highest principles of conduct — doing

simply and honestly for others as they would be done by if conditions were reversed. Then trust companies will be a blessing to their patrons, and an asset to their community, state, and nation, known and honored by all men, for by their fruits will they be known."

About the Author

One of the foremost authorities in the United States in the field of trusts, wills and estates, Gilbert Thomas Stephenson was born in 1884 at Warren Place, N.C., graduated from Wake Forest College in 1902 at the age of 17, and two years later received his master of arts degree from Wake Forest.

He received a bachelor of law degree from Harvard University in 1910 and established a law practice in Winston-Salem, N.C. During World War I, he served as director of organization of the War Savings Campaign in North Carolina under Francis H. Fries, then president of Wachovia Bank and Trust Company.

Stephenson joined Wachovia in 1919, advancing from assistant trust officer to vice president. From 1922 until 1929, he managed Wachovia's Raleigh office.

In 1929, he joined Equitable Trust Company of Wilmington, Del., as head of its trust department, a position he held until 1937. He served as president of the Trust Division of the American Bankers Association (ABA) in 1930-1931.

From 1937 until his retirement in 1950, Stephenson was director of the trust research department of the ABA's Graduate School of Banking. During this period he gave lectures on trusts and estates at 47 law schools throughout the United States. At one time he served as chairman of the committee on education of the ABA Trust Division, which prepared text-books on trust business for the American Institute of Banking. During his career, Stephenson authored 25 books, primarily on trusts, wills and estates.

From 1952 through 1956, he served on the board of trustees of Wake Forest, conducting a weekly seminar in estate planning during the spring semester each year. In a memorial to Stephenson following his death in 1972, members of the Wake Forest Board of Trustees noted:

"His research and writing, and his lectures and teaching made invaluable contribution to the development of efficient trust administration and wise estate planning, but his objectives were not limited to methods and techniques alone. His emphasis was equally focused on the constructive services that could be rendered by trust men in this important work. In one of his addresses he described the Trustman in these words: 'The Trustman, who fulfills his mission, goes far beyond the call of duty. He renders services not required by the terms of the instrument, by the law, nor by the government regulations. For him property is only the means to an end. The end is the welfare of human beings. . . .'

"Truly, the life and talents of Gilbert Stephenson, his sense of mission, and his exceptional achievements justify the title often given him as 'The Dean of American trust men.'"

Addendum:
Wachovia Trust Services Today

Francis Henry Fries continued as president of Wachovia until his death in 1931 at age 75. Under him, Wachovia's deposits had grown from $4 million in 1911 — when Wachovia Loan and Trust Company merged with Wachovia National Bank to form Wachovia Bank and Trust Company — to more than $50 million. It was the largest bank in the Southeast. And the largest trust operation.

From this solid foundation, others have continued, charting a course of exceptional growth and expansion characterized by steadfast adherence to his dual emphasis on innovation and fiscal responsibility.

Fries himself had pioneered the establishment of branch offices, taking Wachovia's services to customers in nearby communities. Under succeeding presidents — Robert M. Hanes, John F. Watlington and John G. Medlin Jr. — the network soon stretched across North Carolina and far beyond. Most recently, mergers with First Atlanta Corporation and South Carolina National Corporation have further extended and enriched the tradition of longstanding leadership in the trust profession.

Today, Wachovia Trust Services provides a comprehensive range of services to individuals, corporations, governmental agencies and charitable institutions across the nation. Assets under administration total more than $85 billion.

Wachovia Trust Services has five primary areas of service: Personal Financial Services, Employee Benefit Trust Services, Charitable Funds Management, Corporate Trust and Investment Management. All areas are supported by the Systems/Operations, Marketing/Product Development, and Investment groups. Trust services are provided through the member banks of Wachovia Corporation: Wachovia Bank of North Carolina, Wachovia Bank of Georgia and South Carolina National Bank.

Personal Financial Services

The Personal Financial Services group provides individuals and families with the expertise to develop specific programs that are tailored to help them achieve their financial and investment goals. Services include

investment analysis and management; financial planning; custody and accounting; trust and estate planning; estate settlement services; tax planning and reporting; real estate, timberland and farm management; and closely held business valuations.

Employee Benefit Trust Services

Wachovia offers a comprehensive array of fiduciary, investment, custodial and administrative services to more than 950 sponsors of employee benefit plans with total plan assets exceeding $59 billion. Wachovia's consultative approach is based on decades of experience and is combined with in-depth legal and technical expertise, allowing sponsors the flexibility to design plans tailored to meet the needs of both the company and the employee.

Employee benefit services range from simple to complex and are directed by experts in the areas of full service, defined contribution, nonqualified trusts, master trust and institutional custody.

Corporate Trust

In 1927, Wachovia began providing corporations and governmental agencies with a full range of specialized corporate trust services. The Corporate Trust group continues to invest in proprietary systems to support its experienced administrative and operations staff. Trustee and agency services are delivered with consistency, accuracy, flexibility, responsiveness and cost-efficiency to clients who issue either debt or equity.

Stock Transfer provides transfer, registrar, dividend disbursing, dividend reinvestment and related agency services to publicly held companies. A number of resources help clients obtain information, including an account manager/consultant; a national toll-free phone line for companies and their shareholders; on-line, real-time remote access to shareholder records and proxy tabulation results; and an extensive quick-reference manual.

Bond Trustee provides trustee, registrar, paying agent and related services to public and private corporations and state and local municipalities issuing debt securities. Timely, accurate and cost-effective compliance with the covenants of complex trust indentures requires the involvement of an experienced trustee, and Wachovia's account manager/consultants are known for their attention to detail and understanding of alternative financial programs.

Charitable Funds Management

Wachovia Charitable Funds Management is unique in its size, focus and scope. This group of specialists, formed in 1975, assists charitable institutions and individuals with charitable trusts in responding to regulatory changes, investment trends and technological advances. Servicing over 500 clients with more than $7 billion in assets, Wachovia Charitable Funds Management has the resources to meet the needs of endowments, community

foundations, public and private charitable foundations and charitable trusts.

Specialized services include investment management, master custody and gift administration.

Investment Management

Wachovia Investment Management provides portfolio management and investment services to institutional investment clients and customers of Wachovia Trust Services, actively managing more than $15 billion in stocks, bonds, real estate, timberland and short-term investments. Valuation and management services also are provided for closely held businesses.

Understanding a client's financial goals and developing specific objectives to meet those goals are essential to the success of an investment program. Investment quality and diversification are important elements of an investment philosophy that emphasizes both return and risk management.

Focus on the Long Term

As part of Wachovia Corporation, Wachovia Trust Services benefits from the strength and stability of one of the nation's leading financial institutions. That affiliation provides the resources required to maintain expensive computer systems and provides access to complementary personal and commercial banking services.

The strength of the parent institution is reflected in the management and staff of Wachovia Trust Services. The organization's senior group executives have an average of more than 20 years of service with the company. Relative levels of experience and professional qualification are present through each of the lines of business and service groups.

The loyalty and dedication of this professional staff provide a linchpin in Wachovia Trust Services' relationship approach to serving clients. The approach is one of understanding a client's total financial needs and goals, identifying ways in which those needs and goals can be reached and working in partnership with the client to implement plans and programs to achieve the desired results.

The relationship approach, formally adopted during the 1930s, continues to pervade Wachovia's service delivery systems. It enables Wachovia to respond proactively and promptly when immediate attention is required and to provide the continuity and care that are invaluable in long-term relationships that span the generations — whether generations of members in a family or generations of managers in an institution. It provides a perspective of the past for both today and the future.

A Tapestry of Trust

The history of Wachovia Trust is a canvas rich with achievement and honor. Our lineage can be traced to 1893, when Colonel Francis H. Fries opened Wachovia Loan and Trust Company in the town of Winston, North Carolina. Wachovia predecessor banks in Georgia and South Carolina also were early leaders in the trust business in their states after the turn of the century. As we commemorate our centennial, we have good reason to be proud of this strong heritage.

But, what does our longevity signify? It means we have adapted to new challenges without losing old values. We have held fast to Colonel Fries' vision of superior service to people and community.

In some respects, Colonel Fries' era is incomprehensible to us. Trust officers drove buggies to pay their respects to clients. Ledgers were handwritten in pen and ink. Yet differences in technology and customs are unimportant. It is the tradition of ethical conduct, solid effort and ingenuity that binds us to all the women and men from 1893 forward who helped create and build the organization we serve today.

As we reflect on our centennial milestone, we realize that Wachovia Trust is more than an heirloom, it is a work of art in progress, a tapestry that weaves together past, present and future. As individuals, our contributions are the threads that bind our heritage and our future. We must perpetuate the best of the past while we embrace the brightest of the new.

Our history bestows a mantle of responsibility: to ensure that the success of Wachovia Trust continues as we move into our second century. So let us recommit to maintaining our proud tradition and to moving courageously ahead with high ideals and practical purpose.

You are the essence of Wachovia Trust Services. Thank you for your hard work, your dedication, your ideas, your willingness to embrace change and your service to colleagues, customers and Wachovia Trust Services.

David L. Cotterill
President
Wachovia Trust Services, Inc.

This letter was sent to all Trust employees in commemoration of the 100th anniversary of Wachovia Trust Services, June 15, 1993.

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